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# FINANCIAL TIMES

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## News Summary

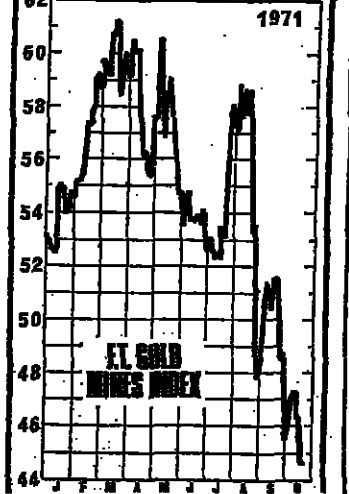
### Visit of internee camp' offer

Mid-Ulster MP Bernadette Devlin yesterday disclosed a plan for a civil disobedience campaign in London to protest against the continued detention of the Stormont Premier, Ian Paisley, in a camp for political prisoners. She announced plans for a visit to the camp, at Longhugh, Co. Antrim, would take place as soon as names were put forward by the parties, said Mr. Devlin.

### Heavier trading: gilts dull

ALTHOUGH EQUITY leaders gave some ground—the index fell 0.5 at 415.2—the Allied Breweries approach to Trust Houses Forte led to much business in speculative shares and the dealings total rose to 14,208, highest for three months.

● GILTS met with profit-taking; losses ranged to 1.  
● GOLD SHARES further small losses sent their index down 0.2 to 44.6, the lowest since 1968.



### Less target

London, Miss Devlin said said she would be included in the target would be Fleet Street, the use of the "abject and brutal failure" of the British to report events factually, was planned to hold a rally outside the Daily Express building tomorrow.

Meanwhile, three opposition MPs, John Hume, Austin Currie and Paddy O'Hanlon, led a 49-hour hunger strike outside 10 Downing Street in protest against the Government's handling of the Ulster crisis.

### E2 arms find

The Republic of Ireland has found a cache of arms, including rifles, revolvers and ammunition, hidden in a suitcase unloaded at Cobh in the QE2 when it arrived in New York.

### Lands close main roads

One of the worst storms for several years caused flooding and landslips in several parts of Lancashire. Manchester had its worst October rainfall since records began in 1877. And the city was five inches under water. Rain also forced the closure of the M6 in Derbyshire and the main A355 over the A66 was closed.

### Electricity pay demand

ELECTRICITY SUPPLY workers' unions are expected to demand increases of £2 to £3 a week, a reduction in the working week (probably from 40 to 38 hours) and an extra week's holiday. Industrial action is threatened by some sections in the industry.

### Denise: girl held for 3 years

Five Margaret Jones, 23, who is Denise Weller from her mother at Harlow to take the place of a baby she lost through a miscarriage, was jailed for three years at Essex Assizes. Jones, an amant girl, had been held for three years on July 30 after being seduced by her boyfriend.

### omb at builders

Building workers at a strike-hit in Birmingham were questioned by police after an explosion damaged the home of Chris Bryant, 48-year-old brother of a Bryant and Sons, directors, at Knowle, near Hull, Warwickshire.

### sygin booted

Argentinian-born Gena Matral has been removed from custody in London after being accused of assaulting Mr. Sygin. Later, Jewish youths were seen to meet Canadian Premier Jean Chretien.

### Jeffy...

Students, demanding the release of imprisoned Soviet Jew, demonstrated at a Russian state show. Motor Show but attracted attention to a naked girl, advertising a radio. The show, Page 14.

### Police officers known to police in England and Wales

year totalled 41,088, an increase of 3,770 on 1969.

## Shadow Cabinet firm on three-line whip

BY JOHN BOURNE, LOBBY EDITOR

MR Harold Wilson and Mr. Bob Mellish, the Labour Chief Whip, are understood to have decided to issue a three-line whip to Labour MPs asking them to oppose British membership of the Common Market on the terms negotiated by the Government. The decision will be announced by Mr. Mellish to the Parliamentary Labour Party tomorrow night.

### Even-tempered

Yesterday's PLP meeting was remarkably even-tempered, and so, too, was last night's session of the shadow Cabinet. However, there was an extremely bitter discussion earlier yesterday morning when Mr. Douglas Houghton, the party's respected chairman, strongly attacked his old ally, Mr. James Callaghan, for changing from the pro-market camp to become a spokesman for the anti-Market.

The only snag for Mr. Wilson at the evening "shadow" Cabinet was that he failed to persuade his colleagues to accept an amendment to the Government's Common Market motion to be debated in the Commons. His amendment, he said, would call for an immediate General Election.

Mrs. Shirley Williams, a leading pro-Market, then suggested that Mr. Wilson's amendment should be broadened to include a condemnation of the Government's domestic policies. Labour MPs would have supported the idea of a free vote had it not been for the Government's initiative.

Mr. Mellish is also in some difficulty. He will have the unenviable task of trying to operate a three-line whip on 111 members, of whom some will be reluctant recruits or pressed men.

### Election call

The proposal was then dropped, although the "shadow" Cabinet agreed to table a no-deliberate witch-hunt against them in the Parliamentary Commons motion next month registering the Opposition's demands for an Election.

At the PLP meeting, the move to have a "free vote" on the Common Market was defeated only narrowly—by 190 votes to 111—and Labour pro-Marketers feel they are now in a much stronger position to support British entry at the end of the Commons debate on Thursday night next week.

They are extremely happy with the result of the important vote at the meeting. The party's Europeans mustered 87 votes for a proposal that it would be better to accept the present entry terms than to abandon Britain's application—"an opportunity for the Labour Government, which could not recur for many years."

By 151 votes to 87—but they have established that they represent a strong minority of opinion in the Parliamentary party. This, too, will help to bolster the determination of the 80 or more Labour MPs who say they intend to support British entry.

For Mr. Harold Wilson, who was re-elected unopposed as party leader in the middle of yesterday's meeting, the Government's strategem is a considerable embarrassment. His MPs can now be portrayed as being split and in disarray. It is doubtful that anything like 111 Government's domestic policies, Labour MPs would have supported the idea of a free vote had it not been for the Government's initiative.

### Intentions

But whatever the real truth about the Government's original intentions, two things are plain. Throughout the summer, public opinion obstinately refused to support British entry and more and more Tory MPs reported that their constituents wanted Parliament to have a free vote.

### Tolerance

The Government's decision not to whip its own back-benchers has led Labour's Europeans partly of the book—at least to the extent that they can argue that, by voting for entry, they are not in fact voting to keep the Government in power.

In constitutional and Parliamentary terms, this is a nice point, but it is a rather sophisticated one for an MP to plead to his General Management Committee in the constituency. For the local party worker, the most heinous crime in the book is for an MP to help a "discredited" Government out of its difficulties.

Meanwhile, two important points about the Government's decision have become clearer. First, every Minister will of course go into the Government's lobby next week and the whips will continue to use every act of persuasion to bring as many back-benchers into the lobby too.

In this sense, the "free vote" has distinct limitations. Second, there is some evidence that the Government has been inclined to employ the device ever since July, but deliberately discouraged speculation that it would do so. This, it is said, was because of the need to build up the maximum pressure against Tory anti-Marketters during this summer.

The first of these is next month's ballot box in the PLP elections for the deputy leadership and the "shadow" Cabinet. The second and more dangerous sanction is that by refusing to support the Labour whip on the Common Market, some of the pro-Marketters might run a real risk of not being re-elected by their constituency parties for the next General Election.

At present the average earnings of full-time farm workers are estimated to be £23.50 a week, and it is expected that they will rise to about £22.50 a week under the present award. Mr. Asher Winegarten, chief economist of the National Farmers Union, said the award was a "fair response" to the union's claim. "It represents a substantial addition to our costs at a time when the context of the Common Market, we are hoping to have the finance to expand production," he said.

He pointed out that since the last award in January the farm workers had gained an extra week's holiday and a wages structure under which from next May skills will be rewarded by extra pay. The cost of these to the industry was about £10m.

## Farm workers disappointed at 8% pay rise

BY MICHAEL HAND, LABOUR CORRESPONDENT

BRITAIN'S 350,000 farm workers were last night awarded pay increases which it is estimated will increase average earnings by 8.2 per cent and will cost farmers and growers about £20m. in a full year.

Disappointed union leaders complained that the increases would not even cover the rise in living costs since the last wage award. The basic rate for an adult male worker will be raised by £1.40 to £18.20 for a 42-hour week and there will be proportionate increases for women and young workers.

However, the cost of this award will be slightly offset by the fact that in future farmers will be permitted to deduct from wages a maximum of 50p a week in rent from workers living in tied cottages, instead of the present 30p. About half the 195,000 full-time workers live in tied cottages and could be affected by this decision, which is estimated to be worth between £500,000 and £750,000 to the farmers. In addition they are also being allowed to increase the deduction for cheap milk from 2p to 2½p a pint.

The National Union of Agricultural and Allied Workers had lodged a 23 per cent claim under which they wanted a £3.20 increase on the basic rate to raise it to £18.40, a 40-hour five-day week and double-time instead of time-and-a-half for week-end and bank holiday work. Farmers estimated the cost of this claim at about £105m. The demands for shorter hours and improved overtime pay were rejected.

The additional £1.40 on basic rates is an increase of 8½ per cent. The increase for those workers who will have to pay higher rent will be 8.1 per cent. A figure of 8½ per cent is rather

higher than the Government would regard as ideal under the present stage of its de-escalation policy on wages, but against this is the fact that farm workers are among the country's lowest paid.

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However, Mr. Reg Bottini, NAAW general secretary, said of the award: "This absolutely minimal proposal was made against our vote. It does not even match the rise in costs since the last award. Our members are bound to be sadly disappointed."

The first proposal by the farmers at yesterday's meeting of the Agricultural Wages Board was for a £1 increase on basic rates. They later raised this to £1.20 but it was not until they proposed £1.40 that they got the support of the five independent members of the Board. The farmers are also believed to have wanted the maximum permitted deduction for tied cottages to be £1 and for milk 3½p.

If the award is confirmed as expected at a meeting of the Board on December 9 it will come into effect on January 17 next year.

## Denmark puts 10% surcharge on imports

BY OUR OWN CORRESPONDENT

COPENHAGEN, Oct. 19.

THE NEW DANISH Social Democratic minority Government, in its first meeting with the Folketing (Parliament) has announced a 10 per cent import surcharge on almost all goods apart from raw materials and unprocessed foods.

The surcharge will remain in effect until March, 1973, but it will be reduced to 7 per cent next June and to 4 per cent from January, 1973.

The measure was given its first Parliamentary reading this evening, and will be enacted tomorrow, all going well. There seems little chance, however, that the measure will run into serious trouble. The Opposition have expressed doubt about its necessity but they are not likely to oppose it very strongly. The Government has taken the shock measure in an attempt to shore up Denmark's sagging foreign exchange position.

Our main problem is to finance our payments deficit," said Mr. Henry Grunbaum, Finance Minister. "We cannot continue with a gross short foreign debt of Kr.13,000m. matched by reserves of only Kr.3,000m."

### Deficit

Financing the current balance of payments deficit has become a problem for the Danish Government as a result of the international monetary crisis, which makes it unlikely that the Social Democrats will be able to convert much of the short-term debt into long-term loans, the plan they announced in their election propaganda.

Countries which will suffer most from the import surcharge are Sweden, West Germany and Britain, but the measure is non-discriminatory and applies to everyone.

The Government is informing EFTA and GATT as well as other governments of its step and is well aware of the illegality of the measure. But Mr. Grunbaum said the surcharge would improve the international competitive position of Danish industry.

It comes against a background of a current deficit in every year since 1963 and now running at between Kr.4,000m. a year, while the trade deficit last year was over Kr.6,000m. and will only be slightly improved this year.

The running down of the tariff will coincide rather nicely with the trade drive which Britain is holding here in 1972, in which balance the main emphasis will be on investment goods.

Strong opposition to the measure was expressed this evening by business leaders. A delegation from the Federation of

of Industries told the Government this evening that it could be a boomerang for exports. They said the tariff would lead to an increase in costs for industrial production and they expressed concern about the possible response of other nations. They also regretted that capital goods had not been excluded from the tariff. They said that would hinder industrial investment and make Denmark's adjustment to membership of the Common Market more difficult.

EEC worried

In Luxembourg, where the Common Market Ministerial Council was meeting, the Danish surcharge was met with astonishment and distress. The Community's Foreign Ministers immediately held a quick discussion of the Danish move.

Apart from its effect on Community exports, the Six are afraid that the Danish move could undermine their efforts to secure the abolition of the U.S. import surcharge.

In separate comments France and West Germany said the decision would not change their own external policies.

In Geneva, the European Free Trade Association (EFTA) will urgently consider Denmark's decision to impose a 10 per cent import surcharge which will affect its trade with other EFTA countries, an EFTA spokesman said, after an extraordinary meeting of the EFTA Council.

He said the subject would be discussed at the weekly meeting of the council on Thursday.

The General Agreement on Tariffs and Trade (GATT) said it would discuss the surcharge at its next council meeting on November 9. A spokesman said Denmark informed GATT Director General, Mr. Olivier Long, of the measure, but declined to comment.

U.K. trade

Ian Davidson writes: British exports to Denmark last year totalled £220m, or approximately 2½ per cent of Britain's total exports. Unlike most of Denmark's leading trade partners, Britain imports more from Denmark than she exports. In 1970 British imports from Denmark came to £275m. (Danish statistics suggest that trade between the two countries is more nearly in balance than British figures in fact indicate.)

During the first eight months of this year, British exports to Denmark totalled £151m., while imports from Denmark reached £162m.

### PRICE CHANGES

Prices in pence unless otherwise indicated

Services	83	+ 8
Suppliers	372	+ 8
Art	100	+ 5
Auctions	85	+ 7
Ship	200	+ 15
Electric	145	+ 5
Holdings	845	+ 20
(J)	17	+ 9
(J & J) "A"	87	+ 11

### FALLS

Alliance Props.	119	- 5½
Barclays Bank	354	- 8
Equity Line	184	- 8
Equity & Law	288	- 6
Freemans (London)	192	- 11
Natl. Westminster, BK	550	- 12
Simon Engineering	142	- 7
Anglo-American Oil	85	- 5
Anglo-American	232	- 8
GAST	160	- 12
Kloof	210	- 6
Middle Wits	140	- 10
Poseidon	690	- 30
Rio Tinto-Zinc	202	- 8

### U.K. DAILY STOCK INDICES

GOVT. SEC.	101.19	101.19
Fixed Interest	78.98	78.98
Industrial Ord.	412.2	412.2
Gold Mines	45.5	45.5
Ord. Div. Yield	3.76	3.76
Earnings Yield	5.72	5.72
P/E Ratio	17.29	17.29
Debt/Equity Ratio	14.26	14.26
Per cent share index points	101-26	101-26
F.T. ACTUARIES	101.19	101.19
Industrial Group	121.57	121.57

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## Farming and Raw Materials

### Hill farms subsidies to continue

THE Minister of Agriculture, Mr. James Prior, announced yesterday that he intends to continue "for a further period" the payment of subsidies for cattle and sheep kept on hill farms.

Subsidy is being paid at the moment on about 7m hill sheep, 750,000 hill cows, and 550,000 beef cows, at a total Exchequer cost of about £34m a year.

The present subsidy scheme runs out at the end of this year for hill sheep and beef cows, and at the end of next year for hill cows.

### Brazil pepper crop blighted

RIO DE JANEIRO, Oct. 19. THE Brazilian pepper crop, originally estimated at 13,000 metric tons this year, may not reach 10,000 tons due to a blight known as "Chumbeiro" which attacked the trees, a spokesman for the foreign trade department of the Banco do Brasil, said here today.

The spokesman said they did not yet have an exact estimate of the crop.

Domestic consumption accounts for 5,000 tons and a good part of the remaining 5,000 tons has already been sold, so there is little Brazilian pepper still available for sale, he added.

The London market price for Sarawak white pepper advanced again by £10 to £30 per ton for float and shipment positions respectively, reports Reuters.

Values are being forced up by consumer demand taking up most of the dwindling nearby supplies and dealer "covering" in the firm forward market.

The news that there is little Brazilian pepper still available has also become a factor in the confirmed earlier forecasts.

### DUTCH COCOA GRINDINGS UP

THE HAGUE, Oct. 19. Dutch cocoa bean grindings in September totalled 10,320 metric tons against 10,210 tons in September, 1970, bringing total grindings for the first nine months of this year to 86,870 tons against 84,880 tons in same 1970 period, the Central Statistics Office said here today.

## Sugar stays steady

By Our Commodities Staff

THE overnight intervention in the sugar market by the executive committee of the International Sugar Organisation had little apparent effect on the market in London yesterday.

The London daily price was unchanged at £43.50 a ton, and on the terminal market values gradually advanced during the day and the market was at one stage very steady, with both May and August 1972 contracts quoted and traded at over £47 a ton. But prices subsequently eased from the highs and the market closed on a barely steady note, with the March futures contract at £46.67, a rise of 75p on the day.

### Small Cuban crop

After market hours the previous day, the executive committee announced the redistribution of 200,000 tons of export quota shortfalls, and suspension for the rest of the year on the provision that would otherwise have been required to cover 400,000 tons or so of shortfalls to the market. This would have been triggered by the ISA prevailing price being established at over 4 U.S. cents a pound, which happened yesterday.

The bulk of the extra sugar went to Cuba, Australia, Brazil and South Africa, but there were no indications on the market yesterday of any first-hand sellers making use of their extra quota, and therefore no selling pressure from this source.

### Bid to avoid coffee export cut

By Our Commodities Staff

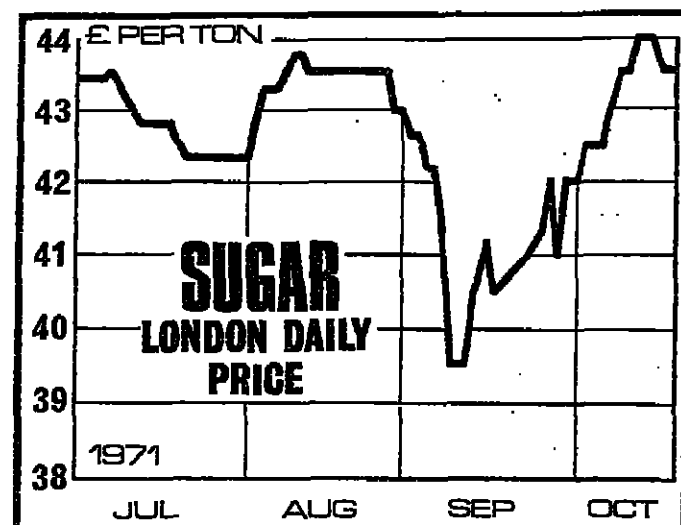
PRODUCERS of "other mild" arabica type coffee have called a special Board meeting of the International Coffee Organisation on October 26 in a bid to avoid suffering a 2.5 per cent cut in their export quotas. They claim that exceptional market conditions have kept "other milds" prices at below the "floor" level under the Coffee Agreement, thus triggering off the threat of a cutback in the amount producers are allowed to export.

Other milds coffee has been below the floor price of 44 U.S. cents a pound since the beginning of the new coffee year, October 1 and is currently standing at 42.88 cents. It is likely therefore to complete the required cutdown period of 15 market days below the "floor" price by October 22 and be liable to a 2.5 per cent decrease in the quota of 9.6m bags.

### Prices undermined

Under the rules of the Agreement, a meeting of the ICO Board can be called within six days from the end of the cutdown period to suspend or decrease quota cuts if special circumstances justify such a move.

The "other milds" producers, who include El Salvador, Guatemala and Mexico on the Board,



full Council meeting from November 17-19 to fix initial export quotas for 1972 at 108 per cent. The quota level at the start of 1971 was 100 per cent, but with prices soaring (the LDP reached a peak of £53 a ton) quotas were soon automatically raised to 110 per cent, before being reduced subsequently.

There is an impression in some market quarters that 1972 quota levels anyway might prove more than academic since, the argument runs, consumption growth is outstripping production and this could lead to quota restrictions being removed altogether. Even if the removal was only temporary, it would prevent exporters being penalised for over-shipping, and therefore would effectively end curbs on exports.

How true this picture of the future will prove remains to be seen.

### Rise in Israel farm output

By Our Own Correspondent

JERUSALEM, Oct. 19. ISRAEL's total agricultural production in the year ending September 30, reached a value of £250m, compared with £200m in the previous 12 months it was announced by the Ministry of Agriculture.

The main increases were in citrus up £19m, to £57m, meat up by £8m, to £46m, grains and pulses up by £3.5m, to £9m, as well as smaller increases in the production of flowers (mainly for export) fish and fruits.

### U.K. grain crop forecast

By Our Commodities Staff

A RISE of 1.7m. tons in the U.K. grain crop this season is forecast by the Home Grown Cereals Authority in its latest estimate issued yesterday.

Using the Ministry of Agriculture's September estimates of yields in England and Wales, and applying these to past figures from Scotland and Northern Ireland, the Authority has calculated a total crop of the U.K. of 14.5m. tons. This includes 4.7m. tons of wheat up 0.6m. tons on last year, 8.0m. tons of barley up 1.1m. tons, and 1.3m. tons of oats, up 0.1m. tons.

### FALL IN TURKISH OLIVE OIL

ANKARA, Oct. 19. Turkish olive oil production will fall to about 30,000 metric tons this year, from 32,000 in 1970, according to latest official estimates.

## U.K. glucose supply a 'monopoly'

By John Hunt

THE MONOPOLIES Commission has found that monopoly conditions prevail in the supply of glucose in Britain because at least one-third of the volume is provided by CICI (United Kingdom), formerly Brown and Polson.

But it has ruled that neither these conditions nor anything done by the company operate against the public interest.

There was no cause for criticism of the company's leading position in the industry and no evidence of restrictive practices—a view endorsed by Mr. Nicholas Ridley for the Government in Parliament yesterday.

The findings are published in the commission's report on its investigation into the supply of starch, glucoses and modified starches. It concludes that there is no monopoly in the supply of starch or modified starches.

In the three years 1967-68 Brown and Polson, as the company then was, supplied 43-44 per cent of total glucose consumed in Britain but was not in a position to dominate the market.

The potential threat of imports and competition from sugar put some restraints on the company's freedom to raise prices of standard glucose. There was no criticism of the company's level of profits.

The commission says that the company is in a constant state of expansion and is improving its efficiency to earn a reasonable return on capital.

## Small rise in copper mine output

By John Edwards

WORLD mine production of copper rose slightly to 3,171,600 tons in the first half of 1971 compared with 3,135,900 tons in the first six months of 1970, according to estimates issued yesterday by the World Bureau of Metal Statistics.

However, the Bureau calculates that world refined copper output, which includes recovery from scrap, fell slightly to 3,171,800 tons (against 3,229,300 tons in 1970), during the same period, while refined consumption rose from 3,680,600 tons in the first half of 1970 to 3,715,300 tons in the first six months of this year.

Mine production increases in Canada, the Congo, South Africa, Australia and the Philippines were offset by a small fall in the U.S. and a bigger one in Zambia due to the continuing effects of the Manulira Mine disaster.

Refined production fell in most of the major producing countries. In Japan by 3 per cent, Zambia by 1.6 per cent and Canada by 5.3 per cent, but was unchanged in the U.S.

Consumption in the U.S. was 1 per cent below the first half of 1971 and 5 to 6 per cent lower in France, Germany and the U.K. because the strike shut down

## U.S. aims for sharp cut in maize crop next year

By Our Commodities Staff

MOVES for a substantial cutback in U.S. corn (maize) production in 1972 have been announced by the U.S. Department of Agriculture. The target is to reduce this season's record crop by about 900m. bushels next year.

Included in the feedgrain programme for the U.S. are provisions for farmers to set aside 25 per cent of their corn and sorghum acreage in 1972 compared with 20 per cent this year, reports Reuters.

Additionally farmers will have the option of diverting an additional 10 per cent acreage out of corn and sorghum production for payment, and later possibly a further 5 to 10 per cent if the Department of Agriculture decides another cutback is needed when the 1972 planting intentions become known next March.

### Cotton shortage

Based on a maximum acreage set-aside, with diversions of up to 45 per cent of growers' base acreage, the Department hopes to cut the 1972 maize crop to about 4,500m. bushels. This would reduce anticipated carry-over stocks at the end of September 1973, to about 1,000m. bushels, compared with the 1,300m. bushels expected to be carry over stocks at the end of September, 1972.

The price support loan for 1973 corn will remain unchanged at \$1.08 per bushel, basis No. 2, and the guaranteed price to farmers will be unchanged to \$1.35 per bushel, USDA said.

However, an initial payment will be made at the time of programme sign-up, of 40 cents per bushel for corn, 8 cents per bushel more than it paid this year.

The price support loan for grain sorghum will be increased by 6 cents to \$1.79 per 100 lbs. and that of barley by 5 to 86 cents per bushel. Loan rates for oats and rye will remain at this year's 54 cents and 89 cents per bushel respectively.

The department also announced the price support loan rate for soyabean will stay at \$2.25 per bushel.

Agriculture secretary Clifford M. Hardin said the 1973 feed grain programme was designed to get at least 38.0m. acres of feed grain land diverted out of corn, sorghum and barley production, against 18.2m. acres of corn and sorghum acreage diverted this year. But the department hopes to increase the acreage planted to soyabean next year by around 5.0m. acres.

Department officials said that of the projected 38.0m. acres diverted from feed grain output next year, it was hoped the

acreage planted to corn would be reduced to around 11.7m. less than planned this year. With the aid of the revamped programme, it is hoped to boost acreage planted to soyabean in 1972 to around 28.6m. acres from 43.0m.

Also announced by the Department was a virtually unchanged cotton programme for 1972. The only change is that the minimum Commodity Credit Corporation resale price for cotton will be geared to 115 per cent of the loan support rate, instead of 110 per cent this season.

Mr. Hardin said the goal of the 1972 cotton programme was to produce enough cotton to meet anticipated demands and cover over stocks by the end of next season.

### Loan rates

However, disappointment at the lack of any incentive for U.S. cotton growers to produce more next season was the initial reaction in Britain yesterday in view of the shortage of world cotton supplies.

It now appeared that U.S. production this year might be about 800,000 short tons against 755,000 tons in 1970 and "below the planned 1971 output of 7m. tons."

Yesterday, copper values edged down, following a downward trend in New York. One reason given for the decline is persistent rumours that Japan was planning to export some of its surplus smelter output to the U.S. market. No confirmation of these reports is available, however.

The LME zinc market was again active with further heavy buying believed to be on behalf of the producers. This apparently open support to the market by producers, which has not been seen for some time, helped steady prices at a time when they were tending to weaken after their recent spectacular increase. The firmness in zinc also helped boost lead values.

## COMMODITY MARKET REPORTS AND PRICES

### BASE METALS

COPPER—Turned easier on the London Metal Exchange in line with the trend in the New York market where rumours were circulating of a possible disposal of Japanese surplus stocks. In London's late Korb dealings, however, prices tended to recover, possibly because of a short covering. Turnover 11,650 tons.

Henry Garber and Co. reported that in the morning cash values changed hands at £23.25. Late Nov. 1971, £23.25; 1972, £23.25; 1973, £23.25; 1974, £23.25; 1975, £23.25; 1976, £23.25; 1977, £23.25; 1978, £23.25; 1979, £23.25; 1980, £23.25; 1981, £23.25; 1982, £23.25; 1983, £23.25; 1984, £23.25; 1985, £23.25; 1986, £23.25; 1987, £23.25; 1988, £23.25; 1989, £23.25; 1990, £23.25; 1991, £23.25; 1992, £23.25; 1993, £23.25; 1994, £23.25; 1995, £23.25; 1996, £23.25; 1997, £23.25; 1998, £23.25; 1999, £23.25; 2000, £23.25; 2001, £23.25; 2002, £23.25; 2003, £23.25; 2004, £23.25; 2005, £23.25; 2006, £23.25; 2007, £23.25; 2008, £23.25; 2009, £23.25; 2010, £23.25; 2011, £23.25; 2012, £23.25; 2013, £23.25; 2014, £23.25; 2015, £23.25; 2016, £23.25; 2017, £23.25; 2018, £23.25; 2019, £23.25; 2020, £23.25; 2021, £23.25; 2022, £23.25; 2023, £23.25; 2024, £23.25; 2025, £23.25; 2026, £23.25; 2027, £23.25; 2028, £23.25; 2029, £23.25; 2030, £23.25; 2031, £23.25; 2032, £23.25; 2033, £23.25; 2034, £23.25; 2035, £23.25; 2036, £23.25; 2037, £23.25; 2038, £23.25; 2039, £23.25; 2040, £23.25; 2041, £23.25; 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2474, £23.25; 247



## American News

## Kosygin may visit Cuba

By Our Own Correspondent

MOSCOW, Oct. 19. ALEXEI KOSYGIN, the Soviet Prime Minister, seems likely to visit Cuba before returning to the Soviet Union from Canada, according to sources here.

It can be presumed that he will visit a first-hand account of recent developments in Cuba and the economic situation of a country to which the Soviet government has been giving considerable aid.

Our East European Correspondent adds: Mr. Kosygin's projected visit—the first by a member of the ruling Kremlin troika since it came to power in 1964—further evidence that Cuba is the Soviet Union are going through a comparatively conciliatory phase. They have been caught closer through the signing of a last month of an agreement under which the further mechanisation of the island's sugar industry.

This agreement also embraces plans in which Cuba can be helped to develop new sources of electrical power and to improve the efficiency of its ports, was signed despite the independent foreign policy line—particularly towards Latin America—containing that has been adopted by the Cuban leader, Dr. Fidel Castro.

**Mechanisation**

In deciding to assist the island's sugar industry, the Russians must also be aware of the poor results of this industry in recent years. A month ago, Castro once again underlined the high costs that had been incurred by last year's unsuccessful attempts to meet a 5.5 million ton output target, and said he thought that the harvest next year would not even reach the target.

Dr. Castro urged on this occasion that mechanisation in the industry had to be increased if only to prevent manpower shortages elsewhere. To this end, the Russians have agreed to send Cuba yet more equipment for cutting and transporting cane, and to try out new equipment to meet Cuban conditions.

## First rise in industrial production for 4 months

BY GUY DE JONQUIERES

WASHINGTON, Oct. 19.

INDUSTRIAL production rose by 0.5 per cent in September, the first increase in four months, but housing starts slackened off from the high level they reached during the summer. Although the upturn in the production index has set it in the right direction, the increase is far from the vigorous growth which the Administration is seeking and which President Nixon set out to promote in his August 15 economic package.

According to the Federal Reserve, the increase largely reflected the partial recovery of iron and steel output, which is beginning to rise as manufacturers exhaust the stocks which they laid in anticipation of a possible steel strike this autumn.

In the rest of the manufacturing sector, however, the picture is still one of considerable slackness. Production of machinery, transportation equipment, lumber, clay, glass and furniture all fell, and car assemblies showed no change from the 8.5m units annual rate set in August.

The index of physical production of factories, mines and

utilities for September stood 1.1 per cent below the level of a year ago and 6 per cent below the peak of July 1969. It was only 2 per cent above the level to which it fell during the General Motors' strike last November.

The response to the figures among Administration economists is that they cover only the first full month after Mr. Nixon's new measures went into effect and that additional stimulus will be provided by his tax-cut programme when it has been approved by the Congress.

## Extend controls

Housing starts were 12 per cent below the August level, in spite of a recent decline in interest rates, which might have been expected to stimulate house building. This phenomenon was explained by Government economists as the result of postponement of building activities in the hope that interest rates would decline still further.

President Nixon to-day sent to the Congress legislation extend-

ing his authority to control wages and prices by an additional year. He also asked for new authority to control interest rates.

The legislation will be used to implement "phase two" of the President's anti-inflation programme, which he revealed 10 days ago. Prospects for prompt Congressional action are considered good.

The legislation would authorise the President to control interest rates at "levels consonant with orderly growth," though it does not specify what methods would be used. However, senior Treasury officials repeated Mr. Nixon's earlier statements that it is not expected that the authority will have to be invoked in the light of the recent declines in rates under the pressure of market forces.

The Administration has also asked for the inclusion of a \$2,500 civil penalty for violation of controls in addition to the current \$5,000 criminal fine. It is generally agreed that civil cases are easier to win than criminal cases in this area.

## Work begins soon on key Brazilian dam project

BY HUGH O'SHAUGHNESSY

RIO DE JANEIRO, Oct. 19.

WORK is to start shortly on a massive power and irrigation scheme which it is hoped will revolutionise agriculture in one of the poorest regions of Brazil. The green light has been given for work to start on the Sobradinho Dam at five amount of cash and technical assistance will be needed to make any dent in the poverty of the region and to stimulate local initiative particularly in the light of the policies of the military to crush direct action by peasants and repress all but token activity by groups independent of the Government.

It will create one of the largest man-made lakes in Latin America, providing water for irrigation and regulating the flow of the Sao Paulo Afonso Hydroelectric Complex. The storage of water will allow the north-east to withstand better the effects of drought. This is currently the second year drought has reduced much of the region to desert, bringing about near famine conditions and widespread social unrest. Trains carrying food and food warehouses have been attacked many times by hungry peasants in the past two years. Annual per capita income in the region is less than \$40.

The dam's main function will be to control the flow of the Sao Francisco, a major river, with year round flow in the north-east to the Paulo Afonso complex. This will enable generating capacity to grow to 2,000 kilowatts and provide more abundant power for a region which contains a third of Brazil's population. It will also improve the possibilities of navigation on a useful artery of communications. Four large towboats will disappear

## DOCKERS SHORTAGE ON WEST COAST

SAN FRANCISCO, Oct. 19.

While a manpower shortage hampered America's West Coast dock work, Longshore Union president Harry Bridges issued a call for "united labour power" to win a suitable contract after the current 80-day non-strike order expires.

At the ports of Long Beach, Los Angeles and San Francisco, there were more ships than unloading crews on Monday. In San Francisco, James Robertson of the Pacific Maritime Association said 37 ships were being handled on Monday, well above the normal load for a week-day.

## Citibank may 'float' its prime rate

By Jurek Martin

NEW YORK, Oct. 19.

ANOTHER float in the financial world is in prospect with the disclosures by senior officers of First National City Bank of New York that the bank might soon inaugurate a plan under which the prime rate would move automatically with open market interest rates.

The prime rate is that charged by the banks to their best corporate customers and has achieved a symbolic importance equivalent to that of the bank rate in Britain. It is no secret that the American banking community has become increasingly unhappy with what it considers the rigidity of the prime rate system.

Now it would appear that Citibank is prepared, in effect, to "junk" the prime rate. Mr. Walter B. Wrisson, the bank's chairman, and Mr. Edward L. Palmer, chairman of the executive committee, both said at a Banker's conference in San Francisco yesterday that only a few points in the new programme remained to be ironed out and that a formal announcement would be made fairly soon.

According to Mr. Palmer, a new floating prime rate would be pegged somewhat above the prevailing rate on 90-day commercial paper.

## THE ONTARIO ELECTION

## A challenge from the young

BY JIM SCOTT, TORONTO CORRESPONDENT

THE VERDICT of the voters in the Ontario provincial election tomorrow will be of national significance to Canada and may even have reverberations beyond, since Ontario is the economic linchpin of the nation. The province has been run by the Progressive Conservatives who, 28 years ago, turned out the Liberals. The third contender for office in Canada's most populous, most industrialised and wealthiest province is the socialist New Democratic Party.

Ontario is the ninth of Canada's 10 provinces to hold an election in the past two years. In each of the other provinces, with the possible exception of Quebec, the issues and outcome have been local, or regional, in importance. There are, of course, many local issues in Ontario, but there are others of great national and international significance. The five main issues are: the state of the economy, employment, the environment, the role of Ontario in the eternal debate about the Confederation of Canada, and foreign control of the province's industries. The goals of the three parties appear to be similar on the first four issues: strengthen the economy, make more jobs available, clean up the environment and fight to prevent the break-up of Canada into two or more independent states or countries. It is in the area of foreign investment that the parties differ in their approach.

## A carrot

All three parties make nationalist sounds when foreign control is mentioned. But the Progressive Conservatives are using a carrot to entice greater Canadian investment, rather than a stick to beat off foreign investment. In fact, the Conservatives are continuing to subsidise foreign investment in regions designated as slow-growth areas, although they have established a system of reviewing applications from companies involved in the financial sector and have deferred decisions in one or two cases in the past few weeks.

In a campaign speech, the Ontario Liberal leader, Mr.

Robert Nixon, criticised the Federal Liberal Government for being far too slow to assert Canadian economic independence. He promised fast action if his party wins the election, including a foreign investment review Board to screen foreign take-overs and investment. He would turn the Ontario Development Corporation, which has been making non-repayable grants to outside companies seeking to establish plants in Ontario, into a buyer of last resort that would step in and purchase key industries threatened by a foreign takeover.

The New Democratic Party, which has been active in provincial politics since the depression days of the 1930s, definitely follows a nationalistic theme, thundering away at foreign control of the province's industry and domination of the economy by the U.S. It has promised to nationalise the natural gas industry in the province, although this is one area that is completely Canadian-controlled.

In the past two years, Canadians have seen a row of strong provincial governments toppled. There have been elections in eight of the 10 provinces since June, 1969, and six governments have been voted out of office. There is no simple agreed theory to explain the trend. The voters have not been moving from right to left, favouring one party rather than another, or reacting against the entrenched power of the Liberal Government in Ottawa.

The Liberals ousted the Conservatives in Nova Scotia; the Conservatives defeated the Liberals in neighbouring New Brunswick; the New Democrats replaced a Conservative Government in Manitoba and a Liberal incumbent in Saskatchewan; in the third Prairie Province, Alberta, the Conservatives defeated the Social Credit Party, which had been in power for 36 years and which was often described as more conservative than the Conservatives themselves. Only the Liberal Government in Prince Edward Island and the invincible Mr. W. A. C. Bennett, leader of British Columbia's Social Credit Party,

survived the voters' restless urge for change.

If these contrasting results mean anything in terms of labels and ideologies, they tend to confirm what has been suspected for several years: ideology, if not dead, is a sleeping force in the politics of modern pragmatic society in Canada. Age may be respected, but does not seem to be trusted in politics. To be young is to be progressive and with it, to be old is to be out of step with the modern tempo. The proof appears to be that the average age of the six new premiers who were elected is not quite 41. Their ages range between 35 and 46.

Recognising the public appetite for change and for youth, the Ontario Conservatives named Mr. William Davis earlier this year to take over the leadership from Mr. John Robarts, who had been Premier for 10 years. Since taking over the leadership in March, Mr. Davis has been making policy decisions that dramatically distinguish him from the previous leader and he has been striving to appear as young as his 42 years by wearing discreetly long, but windblown, hair and mod suits.

He was no charismatic wonder when he was chosen to take over the Tory banner and his image has not changed much since, but he has looked and sounded more contemporary. He has tried to reach the young by granting them voting rights and permission to drink alcohol in public at the age of 18, but he has not forgotten the elderly and has promised the over 65s freedom from medicare expenses.

His opponents also are young. Mr. Nixon, who unsuccessfully led the Liberals in the previous election, is 43. If it is true that change is in the air, this is his chance. At the dissolution, his party was the official opposition, holding 27 seats, six more than the New Democrats, but well short of the 68 held by the Conservatives. The Liberals' strategy is to take advantage of the wide gap between the policies of the Conservatives and the New Democrats—presenting themselves as the viable alternative to the electorate by using a middle of the road approach.

Mr. Stephen Lewis, whose father is the leader of the New Democratic Party in the Federal Government, leads the New Democrats in the provincial election. He is a cocky 33-year-old. His party has an enormous capacity for work and an ambitious something-for-everybody programme. Its approach is "tax the rich and help the poor"—and it concentrates its efforts on trying to get a solid vote from the blue-collar worker as well as the white-collar worker. In the past, it has been the white-collar worker who has given the party a good part of its strength, while the blue-collar men have remained fairly aloof.

## Great appeal

The trend that has swept the Canadian political scene in the past year or two began in 1968 when Mr. Pierre Trudeau came to power as Prime Minister of Canada on the first wave of the clamour for change and youth. His great appeal was that, at 47, he was new and different and comparatively young. He was so much in the style of the impermanent, rapid-change society that it was widely suggested he might quit before his first term was up—simply grow tired of being Prime Minister and walk away from the job. Instead, he has stuck to his office and changed his image from political swingler to solid conservative, from gay bachelor to sedate family man.

If the theory of political change is true for the provinces, it also may apply to federal affairs despite Mr. Trudeau's efforts and he may be in danger of becoming just another worn-out political object, to be thrown away by voters seeking a change and a new thrill. But where is the new man, with the promise of youth and change, to whom the voters can turn? Mr. Robert Stanfield, the leader of the opposition Progressive Conservative Party in the Commons, is 57. Mr. Davis Lewis, who has been on the Canadian political scene as a prominent socialist for 35 years, and is leader of the federal New Democrats, is 62. Not much of a choice for restless voters hoping for a new taste sensation.

## 6.3% growth for U.S.

PARIS, Oct. 19.

THE U.S. is expected to have a real GNP growth of 6.3 per cent at an annual rate during the first half of 1972, estimates prepared by the Organisation for Economic Co-operation and Development (OECD) show.

The estimate compares with an increase of 4.1 per cent in the 1971 first half and an estimate of 4.9 per cent for the 1971 second half. The figures were disclosed at a Press conference to-day by

the German Bundesbank's vice-president, Otmarr Emminger.

GNP growth for the other six major countries of the OECD, Canada, Japan, West Germany, France, Great Britain and Italy, is expected to increase at 4.5 per cent annual rate in real terms during the 1972 first half. This compares with combined growth for the six countries of 3.8 per cent in the 1971 first half.

## Guyana savings control

GEORGETOWN, Oct. 18.

Prime Minister Forbes Burnham, detailing his Government's plans to "miniaturise" the operations of foreign commercial banks in Guyana, has said it was intended to take local savings completely out of their hands.

Foreign banks operating in Guyana are Barclays, the Royal Bank of Canada, the Bank of Nova Scotia, the Chase Manhattan Bank and the Bank of

Baroda. If foreign banks wish to continue operating in Guyana, he said, they can only operate here as lenders of offshore money—money that they bring in from abroad to lend into our economy. The expectation was, he added, that when this policy was implemented, foreign commercial banks would not be able to keep local cheque accounts. Reuter

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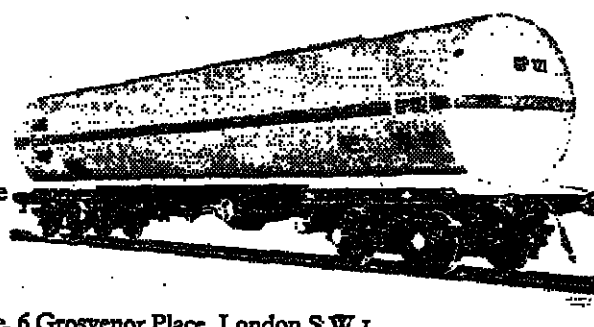
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Automotive Products  
gears up for Europe

BY JAMES ENSOR

ALFA ROMEO has decided to use the Automotive Products Mark 111 as the standard automatic transmission for its entire car range. Initially the gearbox is likely to be offered in the Alfa Romeo 2000 but later it should be available in the Giulia 1300 and Giulia Super. It is also possible that the automatic gearbox will ultimately be offered as an option in the new 1250 c.c. Alfa which the company will unveil at the Turin motor show next month.

The supply of automatic transmission to Alfa Romeo is likely to build up eventually to a rate of 20,000 units a year. The first deliveries will be made in 1973, the overall value of the agreement is about £7m.

Alfa Romeo has not previously offered an automatic transmission. The company has shown less interest in automatic driving than any of the other Europeans; their driving style is more sporting than any of the other nations.

But Alfa's export business is expanding rapidly and since Fiat now offers automatic transmissions on its largest cars and is steadily introducing them on the smaller cars, Alfa felt bound to follow.

## Competition

Automotive Products won the order against strong competition from General Motors, which offered its Strasbourg-built automatic, the German ZF and the British-built Borg Warner automatics. The fact that it has won an order from a company like Alfa which prides itself on the sophistication of its engineering is significant.

Previously AP has supplied only the Austin-Morris division of British Leyland with automatics for use in the Mini and 1100/1300. Sales have been fairly small because demand for automatics has not yet emerged strongly in the small car market.

AP has been negotiating with Alfa Romeo for over 18 months, since its Mark 111 transmission was first introduced. The design had to be substantially re-



Mr. John Panks—three more projects under negotiation

aged AP to set up a new technical sales and service company in Milan, may mark a change of fortune.

Bedford has achieved the highest truck and van exports in its history during the first nine months of 1971. A record 44,183 Bedfords have been sold abroad, 46 per cent. more than in 1970 when the company suffered severe interruptions to its production programme through strikes. Home sales also rose by 34 per cent. despite the decline in the U.K. truck market.

Co-operation  
with Poland

By Our East European Correspondent

THE scope for Anglo-Polish co-operation agreements in the motor industry and in the manufacture of computers will be discussed by visiting Polish experts expected to take part in the London Chamber of Commerce seminar on the Polish economy and industrial co-operation, to be held in London on November 4.

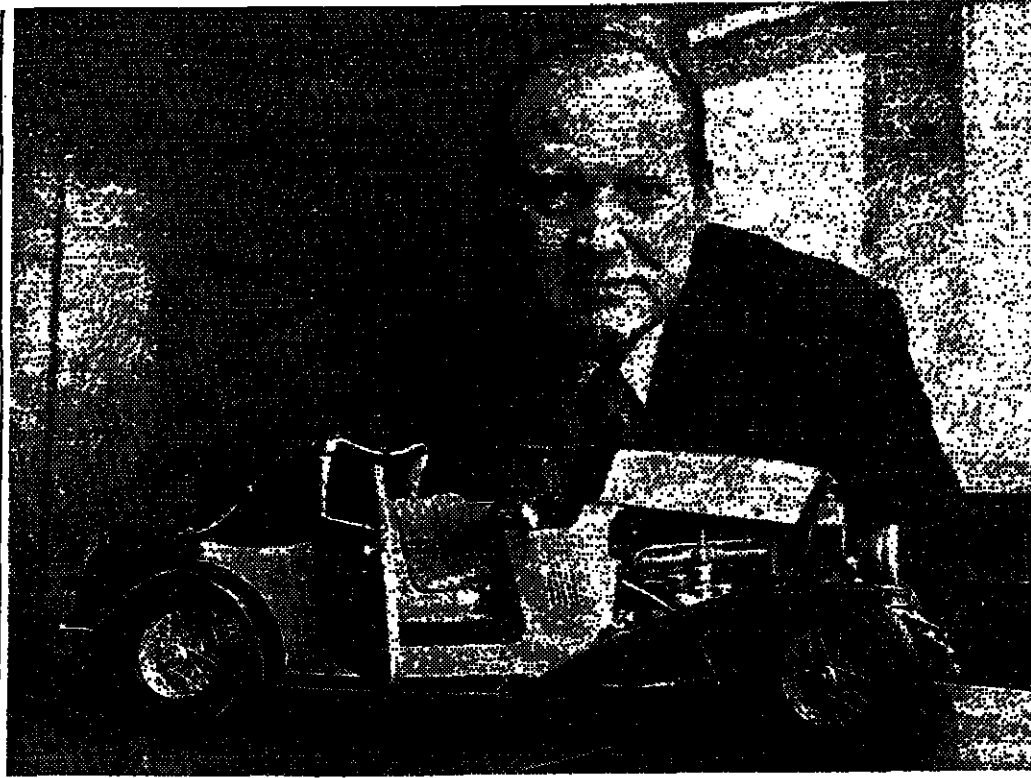
Mr. Andrzej Karpinski, a leading member of the State Planning Commission, will give an outline of Poland's current economic policies with particular reference to foreign trade.

Mr. S. Gruczewski, a director of department at the Ministry for Engineering, and Mr. Marian Grzymek, of the "Co-operation Department" of the Planning Commission, will lead a discussion on the forms of organisation that co-operative ventures can be expected to take in the foreseeable future.

Further sessions will be held on the co-operation in the building machine industry, and in the machine tool industry.

## Problems

It is a four speed transmission and rather more sophisticated, if more expensive, than many of its rivals which offer only three speeds. Its sales, to date, have not matched its apparent promise, perhaps because of early technical problems and the loyalty of many motor manufacturers to Borg Warner. But the Alfa order, which has encour-



Mr. Gerald Barton the modeller with mini Rolls-Royce—there's a real one in the garage

## Putting a gloss on sales

MR. Gerald Barton leaned over the table, intercepted a piece of scampi, and sighed like a vicar committing mortal sin. "I'm supposed to have mellow and consume soup," he explained mournfully. "I've got to slim down," he added, looking enquiringly towards his toes.

Generally Mr. Barton's unmistakably Yorkshire tones do not fall so flat. For he is chairman and managing director of the Hull company Humbrol, and Humbrol and Mr. Barton have got fat together.

The company was started in Hull by Barton's father. Some 10 years ago it had a turnover of about £200,000. Now Humbrol is showing profits of £200,000 on a £1.8m. turnover.

Humbrol makes paints, enamels and adhesives for the modelling market and the do-it-yourself enthusiast. It claims 50 per cent. of the U.K. market. Although it produces industrial paints, the greater part of its

sales are in the tiny 15cc paint-pots for modellers.

Exports are between 25 and 30 per cent. of total turnover. But where a product is available both at home and abroad overseas sales are running at nearly 50 per cent., and 90 per cent. of all exports are in the toy model enamel and adhesive range. In the financial year started in August the company is aiming at a 30 per cent. increase, and the first 10 weeks show the company running some 10 per cent. above target.

## Finding a need

In the first week of October the company exported \$42,000 tins of paint and 195,000 tubes of adhesive and modelling aids.

The strong export performance is relatively new. "We had been manufacturing orientated," explains Barton. "We bought the marketing," he adds.

The main "purchase" was Mr. John Gooding, group marketing manager for Clark's Shoes. He is now deputy managing director and marketing manager of Humbrol.

"What we had to realise," Gooding explains, "is that we were not in the paint business first and foremost. We were in the leisure industry. We had to sell a 'need' rather than a product."

"It was easy to discover where we were—we were producing paints, enamels and adhesives for models with outlets in model and toy shops, department stores and bazaar stores."

"What he had to decide was where we were going and what was our market."

## Freshening up

On the modelling side we decided to stay in the quality range, but we also made a pitch for the do-it-yourself market. We reckoned there were people wanting to paint small articles in the house wanting small pots of paint to do it. We thought these were probably either young marrieds setting up home or the people in the 40-50 age group. Well, freshening up the house after the kids had left home.

"We also decided that there were other opportunities in the leisure market in providing artists' materials, and hobby requirements like model knives, craft tools and brushes."

"That was product. We set out to look at our outlets by putting a bigger emphasis on stores and toy concerns. At the same time in these types of shops there is often a lot of stock on view. We designed compact display dispensers so that our products would not get lost from view and so that the shop itself

could show them economically and effectively."

"On the management side there was no structure at all. We now have a sales force of some 22 and we introduced a sales manager and three regional managers."

"We are investigating the need for direct selling instead of going through wholesalers and will introduce product management shortly."

"Finally, we support market investigation and technical innovation. With the sales force restructured we will turn our attention to doing the same in departments like production."

John Gooding, who looks more like a rural bishop than a marketing man, paused for breath. "In exports we have marketed through agents. Now we are stretching from the toy market into do-it-yourself. We are beginning to bring agents and travellers over here."

Our turnover in overseas markets is in direct proportion to per capita income," he said. Major markets are Sweden, Germany, France, Italy, Australia and even Japan.

## Going public

The company goes to trouble to appeal individually to markets. A range of paints exists in old railway liveries. The Luftwaffe colours are produced exactly.

The company does not sell in America because of the tariff barriers. It refuses to license other manufacturers to make the paint because it is afraid of the quality slipping. It wants to remain makers of "the most expensive paint in the world."

The product range is diversifying. Its specialist finishes are to be found on objects as diverse as caravans, toothpaste tubes and bicycles. The World Health Organisation used Humbrol enamel to colour code mosquitoes in a Far East research project. It is producing lubricating oils and aerosol sprays. Its major growth is expected to come from the do-it-yourself market.

And going public? Barton regards it as "a logical eventual move," but he is looking for profits of around the £300,000 mark before taking the plunge.

Meanwhile, the profits fatten out and Gerald Barton tries to slim down. He looked out of his enormous office beyond the model Rolls-Royce on the window-sill. "Paint it or stick it," he declared. "That's the formula we were built on." He looked affectionately at the dolls. "And the market? Well, we cater for children of all ages groups."

## Weight problem

BOWNTREE MACKINTOSH has announced that Hershey Foods Corporation, the American chocolate manufacturer, has placed an order for about 1,000 tons of Kit-Kat. At present Kit-Kat is marketed by Hershey in 40 per cent. of the U.S., in December Hershey plans to extend the area in view and so that the shop itself

SOCIÉTÉ CIVILE DES PORTEURS  
D'OBLIGATIONS

9%—1971/1985 of US \$ 1,000—PECHINEY  
Registered Office: 19 Boulevard des Italiens—Paris 2ème

## COMPANY PECHINEY

A French "Société Anonyme" with a capital of: Frs. 1,482,705,100  
Registered Office: 9 Cours de Verdun—Lyon (Rhône)  
Main Office: 23, rue Babouze—Paris 8ème  
Trade Register: Lyon 54 B 713—Paris 54 B 51 38  
LN.S.E.E. No. 171 75 108 1006

NOTICE TO BONDHOLDERS  
9%—1970/1985

Company Pechiney will call together a General Meeting (first meeting) of the holders of bonds—9% 1970/1985 on Friday, November 5, at 10.30 a.m. at the Head Office of the "Société Civile", 19 Boulevard des Italiens—Paris 2ème.

## Agenda

Approval, according to Article 12 of the by-laws of the said Company and consequently to the partial assignment of the takeover by the Company ALUMINIUM PECHINEY in place of Company PECHINEY of the 9% loan issued in December, 1970, by the said Company.

Determination of the place where will be deposited together with the attendance list, the powers of the represented bondholders and the reports.

To attend the meeting, the bondholders will have to deposit their bonds five days at least before the meeting at the following banks or branches:

In France: LAZARD FRÈRES & CIE—CREDIT LYONNAIS—BANQUE NATIONALE DE PARIS.  
Amsterdam: FIJNSEN HEDDRING & PIERSON.  
Brussels: BANQUE DE BRUXELLES—CREDIT LYONNAIS.  
Frankfurt: DEUTSCHE BANK A.G.—COMMERZBANK A.G.  
London: LAZARD BROTHERS AND CO LIMITED and N. M. ROTHSCHILD & SONS LIMITED.  
Luxembourg: CREDIT LYONNAIS.  
Milan: CREDITO ITALIANO—CREDIT COMMERCIAL DE FRANCE.

Board of Directors of Company Pechiney.

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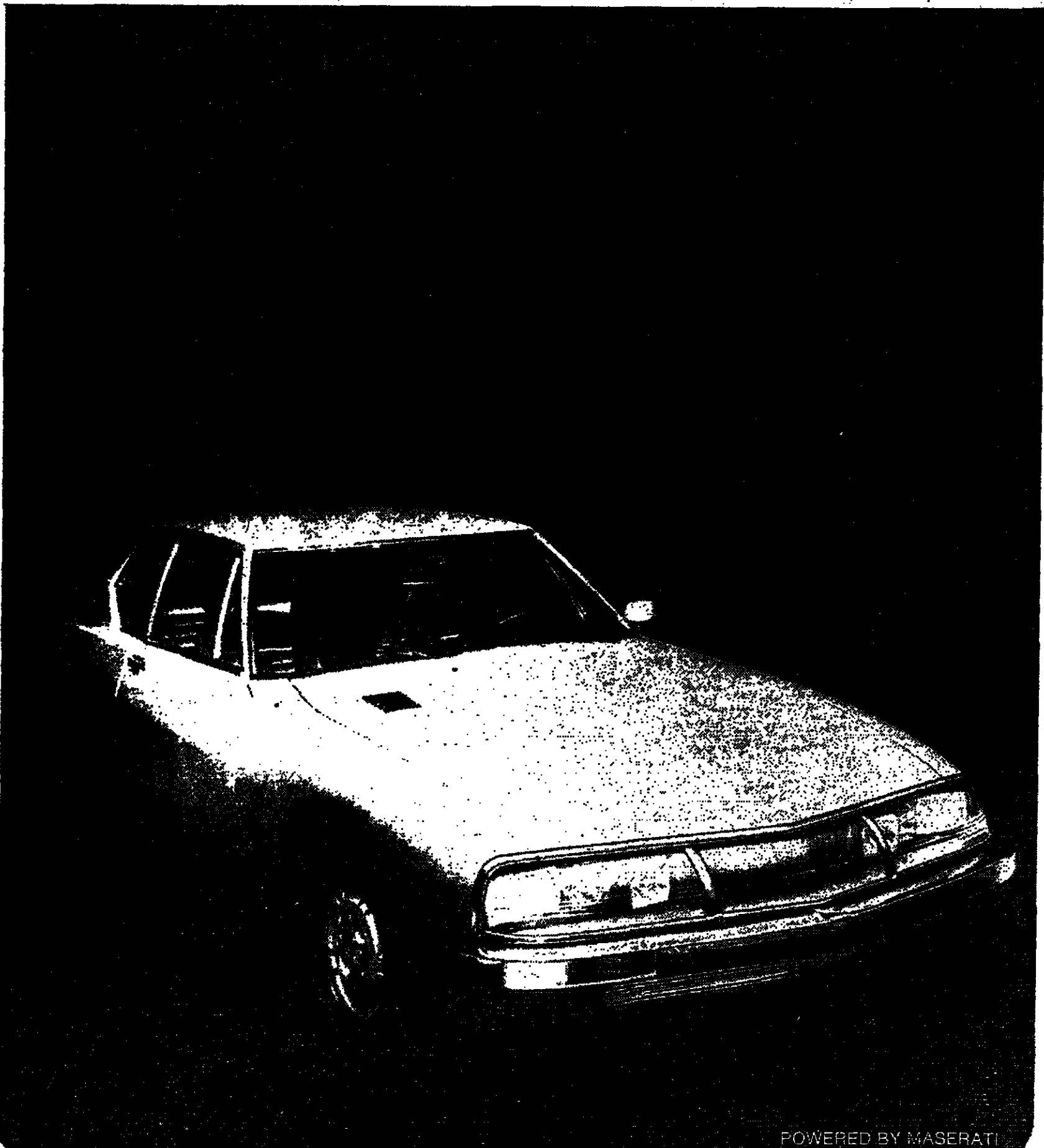


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## European News

## Six make plans for joint front in talks with U.S.

BY REGINALD DALE, COMMON MARKET CORRESPONDENT

LUXEMBOURG, Oct. 19

THE SIX Common Market countries today resolved to make a determined effort to settle their internal differences of opinion on economic and monetary affairs and start preparing for wide-ranging negotiations with the U.S. The Community's foreign ministers agreed that the next major step should be a council meeting of all the ministers from the six countries concerned with the problem.

The meeting, to be organised as soon as possible, would be attended by ministers of foreign affairs, finance, economics and agriculture. Close contact is to be maintained meanwhile with the U.K. and the other three candidate countries.

The Brussels Commission is to start drawing up a "list of grievances" against the U.S. in the trading field in answer to American accusations of protectionist policies by the Six.

Not all of the ministers wanted an early start to negotiations with the U.S. Some believed that the Community

should put its own house in order first. For Germany, Hans Philip Rosenthal, State Secretary at the Ministry of Economics and Finance, said that the Six should reach an interim agreement on new parties among themselves, which might then create the basis for a wider international settlement.

France, Italy and Belgium were all reluctant to start negotiations with the U.S. while the surplus was still in force. M. Maurice Schumann, French Foreign Minister, said this would mean the Community would be negotiating from "a position of inferiority."

No specific mention was made by the Ministers of reports that the U.S. and Germany may have negotiated a private agreement under which the surplus would be lifted on German exports, nor was the German delegation called on to explain the background to the reports. M. Schumann, however, told journalists last night that he considered such a bilateral arrangement "inconceivable."

**Treaty of Brussels?**  
MINISTERS of the Six Common Market countries have agreed that Brussels would be the most appropriate place to sign the treaty under which Britain and the other candidate countries become members of the Community, writes Reginald Dale. A final decision will not be formally taken before the applicant countries have been consulted, but it seems certain that the legal basis for British membership will be the Treaty of Brussels. The treaty, though not unexpected, will come as a disappointment to the U.K., which had originally hoped that the Treaty might have been signed in London or its surrounding area, to give a boost to British public opinion. The Six are still keeping quiet about their preference for fear of provoking jingoistic opposition to Common Market membership on the eve of the crucial vote in Parliament.

## Ireland wins concession

BY REGINALD DALE, COMMON MARKET CORRESPONDENT

LUXEMBOURG, Oct. 19

IRELAND today won authorisation from the Six to continue with its special schemes for attracting industrial investment after joining the Common Market, even though some of them do not conform with the Treaty of Rome. The investment incentives will, however, be subject to review.

This privileged status for Ireland was enshrined in the special protocol for Ireland to the Treaty of Accession finalised at a Ministerial session on the Irish entry negotiations. Dr. Patrick Hillery, the Irish Foreign Minister, said he was entirely satisfied with the guarantees afforded by the protocol, which, he added, would give Ireland an advantage over most other areas of the Community with which it will be competing for investment.

The British Government is known to be uneasy over the special protocol for Ireland in terms of the protocol, for fear that it may give Ireland preferential treatment over its own development areas. Norway, too, it is thought here, may ask for something similar when it has studied the Irish protocol—guarantees afforded by the protocol, which, he added, would give Ireland an advantage over most other areas of the Community with which it will be competing for investment.

## New wave of political scandals rock Italy

BY PETER TUMIATI ROME, Oct. 19

A NEW wave of scandals involving top politicians and businessmen accompanied by denunciations, counter-denunciations and charges of political partisanship by certain sectors of the magistracy is rocking Italy.

Signor Giacomo Mancini, Secretary of the Socialist Party (PSI) and a former Minister of Public Works has addressed letters of protest to the chairman of the committee of inquiry of the Chamber of Deputies, to the Rome public prosecutor general and to President Saragat, as chairman of the Superior Council of the Magistrature. In them he accuses a magistrate of the prosecutor's office of "arbitrary behaviour" and the whole Rome prosecutors office of "absolute incompetence" and of "openly violating all the dispositions designed to protect the freedom and dignity of the citizen."

The magistrate concerned, Sig. Franco Plotino, had transmitted to the chamber of deputies a report on the result of his investigations on the alleged misconduct of a former director general of the Ministry of Works Highway Authority, ANAS. It alleged that two former Ministers of Works, Sig. Giacomo Mancini and Sig. Lorenzo Natali had violated the law while they were Ministers.

Another scandal concerns the supply of WT sets for Army tanks to the Ministry of Defence. Acting on instructions from the magistrate who is conducting the inquiry, the Milan police have withdrawn the passport of Sig. Giorgio Valerio, former president of the Montedison group, and of other persons. The allegation is that a subsidiary of the group in 1968 supplied such WT sets as new ones, whereas they were sets discarded by the U.S. army and sold as surplus. The allegation adds that they had been repainted to make them look like new ones.

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## DANISH IMPORT SURCHARGE

## Long-time need for drastic measures

BY OUR COPENHAGEN CORRESPONDENT

THE DANISH Government's surprise decision to impose a 10 per cent import surcharge on most goods apart from raw materials and unprocessed foods, has come just two months after President Nixon imposed a similar surcharge on imports to the U.S. and has been at least partly inspired by it. Yesterday the Finance Ministry, Mr. Henry Greenbaum acknowledged that the Danish tax was against EFTA and GATT rules, but he pointed out that other larger countries, such as Britain and the U.S., had broken these rules when they thought the condition of their own economies warranted it.

## Enormous debt

In Denmark's case, the need for drastic measures to put the country's external balance back into surplus is unmistakable. There has been a current balance of payments deficit every year since 1962, amounting last year to just over Kr.4,000m. (\$222m.). An enormous foreign debt has been built up, now approaching Kr.20,000m., more than 3 per cent of the GNP. The foreign exchange reserves, meanwhile, are a mere Kr.3,000m., barely enough to cover one month's imports.

It has long been apparent that the Government would not be able to finance this enormous deficit for much longer. The international monetary crisis has made the prospect of raising more long-term loans extremely uncertain. But if something was going to give, most people

thought it would be the parity of the kroner. But this was firmly ruled out by the previous government and again yesterday by the new Prime Minister, Mr. J. O. Krag, who said that the Government was determined to maintain the parity of the currency. The reason for this addition to the stable kroner rate is that in 1967, when the Danish Government followed sterling down with a devaluation of 7.9 per cent against the dollar, it proved extremely difficult to control the inflationary effects. Denmark also has a high ratio of raw material and machinery in its imports, and some Danish authorities hold that devaluation, by raising import prices, merely worsens the unit cost position of Danish export products.

## Bad luck

How far the import surcharge can improve matters remains very much in doubt. The Government maintains that it should improve the competitive position of Danish industry, which is why raw materials are exempted, but industry depends also on large imports of machinery and semi-manufactures, so that, while the surcharge may check import growth, it is not certain that it will work wonders for industrial competitiveness.

Denmark got itself into its present mess partly by bad luck and partly by mismanagement. The country is in a difficult period of transition from a primarily agricultural economy to one that is dominantly industrial. Fifteen years ago about two-thirds of her exports consisted of agricultural products, but today the proportion has been reduced to about a

quarter, or 30 per cent. This transition has necessitated a high level of imports stimulated by the rapid expansion of industrial investment and in the early 1960s, as part of the industrialisation policy, the Government deliberately allowed the current balance of payments to go into deficit. The policy was extremely successful at first, combined as it was with the freeing of trade within EFTA and an expansive period for international trade as a whole.

## No problems

Even if public sector expansion in the 1970s was reduced to half the rate of the previous decade, it said, the industrial labour force would fall by 30 per cent., taxation would grow from the present 49 per cent. to 80 per cent. of the national income, and private consumption for the population engaged in the active labour force would not be able to increase at all. It predicted that if the balance of payments deficit was not turned into a substantial surplus within a few years the requirements of the foreign exchange position would force stagnation and unemployment upon the country. The Government will not have any Parliamentary problems in getting its surcharge legislation accepted, but whether it was the right action to take, especially amid widespread fears of the growth of protectionism in world trade, is another matter.

## Spanish police clash with car workers

By Our Own Correspondent

MADRID, Oct. 19

THE Spanish Government today ordered the provisional closure in Barcelona of the SEAT motor factory after clashes between the police and some 6,000 workers. Trouble began yesterday morning when some 20 dismissed workers smuggled themselves into the factory together with the men of the morning shift. Egged on by them, according to a company spokesman, the 6,000 workers of the morning shift went on strike a few minutes later without warning or explanation.

Police were called in when towards mid-day yesterday some 4,000 workers staged a demonstration near the main office buildings. The workers then clashed with mounted police, and at least five policemen were hurt. Shots were heard later and several workers were wounded when one police officer, surrounded by demonstrators, fired his pistol. The workers were dispersed late in the evening and about 30-40 men were arrested.

Thousands of shouting workers and students today massed outside the factory to demonstrate their solidarity with the workers. At least five policemen and three factory guards, as well as a number of workers, were injured and more than 30 strikers were arrested in the fighting.

A company spokesman stated that comparatively little damage was done. However, production would be stopped for several days.

The week-long strike wave in the Asturian coal mines in north Spain is spreading. Mining operations in the State-controlled Husosa company's pits have been practically paralysed.

## Brezhnev study of students

MOSCOW, Oct. 19

SOVIET Communist Party leader Leonid Brezhnev today called for sustained Party supervision of the nearly 5m. students in the nation's universities and technical colleges.

Speaking at a Kremlin rally of students, he said: "not a single question of principle about the role of the higher educational establishment must remain outside the field of vision of the Party organisations." "The Party organisation of the university or institute is the political vanguard of the collective, and the Party committee at the higher educational establishment is its fighting headquarters."

He said the Soviet leadership had recently approved plans to increase students' stipends, build many new hostels, and improve catering, medical, sports, and holiday facilities for them. During the 1971-1975 plan period a total of 1,500m. roubles (over \$50m.) was to be allocated to increase stipends and raise the number of students receiving them.

Our East European Correspondent adds: Mr. Brezhnev's remarks are a reflection on the Soviet leadership's continuing concern to improve both the quality and the quantity of students receiving tertiary education.

## BOURSE INQUIRY ON PINAY BOND

PARIS, Oct. 19

THE PARIS Bourse Commission today had decided to launch an inquiry into trading in the gold-backed Pinay bond on the Paris Bourse between October 11 and 12.

Bourse sources noted that trading in the Pinay bond on October 11 and 12 reached volumes of 23.25m. and Fr.34.4m. respectively, against an average of 15m. daily for the first nine months of the year.

Our Paris Correspondent adds: The inquiry is being launched because of the unusually high trading volume.

## French urge air retaliation

BY ADRIAN DICKS

PARIS, Oct. 19

THE FRENCH aerospace industry has formally asked the government to press for a 15-18 per cent EEC tariff in Brussels against U.S. aircraft, in retaliation for the imposition of the 10 per cent surcharge on European aircraft sales to the U.S.

Announcing this here today, Henri Ziegler, chairman of the industry's trade association and chairman of the leading aircraft builder, Société Nationale Industrielle Aérospatiale, told the Press that the French manufacturers' action was "regrettable if indispensable."

It would be difficult for European countries to agree on the action, but he felt sure that they would agree that "we cannot tolerate discrimination now totalling 16 per cent. against our aircraft while American aircraft enter Europe freely."

M. Ziegler went on to attack the "abnormal and unbalanced" pricing of major aircraft markets between American and European companies. Citing EEC commission figures, he remarked that U.S. aircraft manufacturers had a 15 per cent. of the world market in aircraft, including 98 per cent. of the domestic U.S. through the separate pool of

market. "It is a matter of life and death for us that we seek to improve our share. The problems in our way are not technical but are problems of nationalism and prejudice," M. Ziegler said.

The U.K., by vigorously protecting its domestic aircraft market, had achieved a share of 11.9 per cent. for U.K. manufacture, while the U.S. accounted for the remaining 88.1 per cent. But, he suggested, there were weaknesses of outlook of the British aerospace industry and a danger of new isolationism.

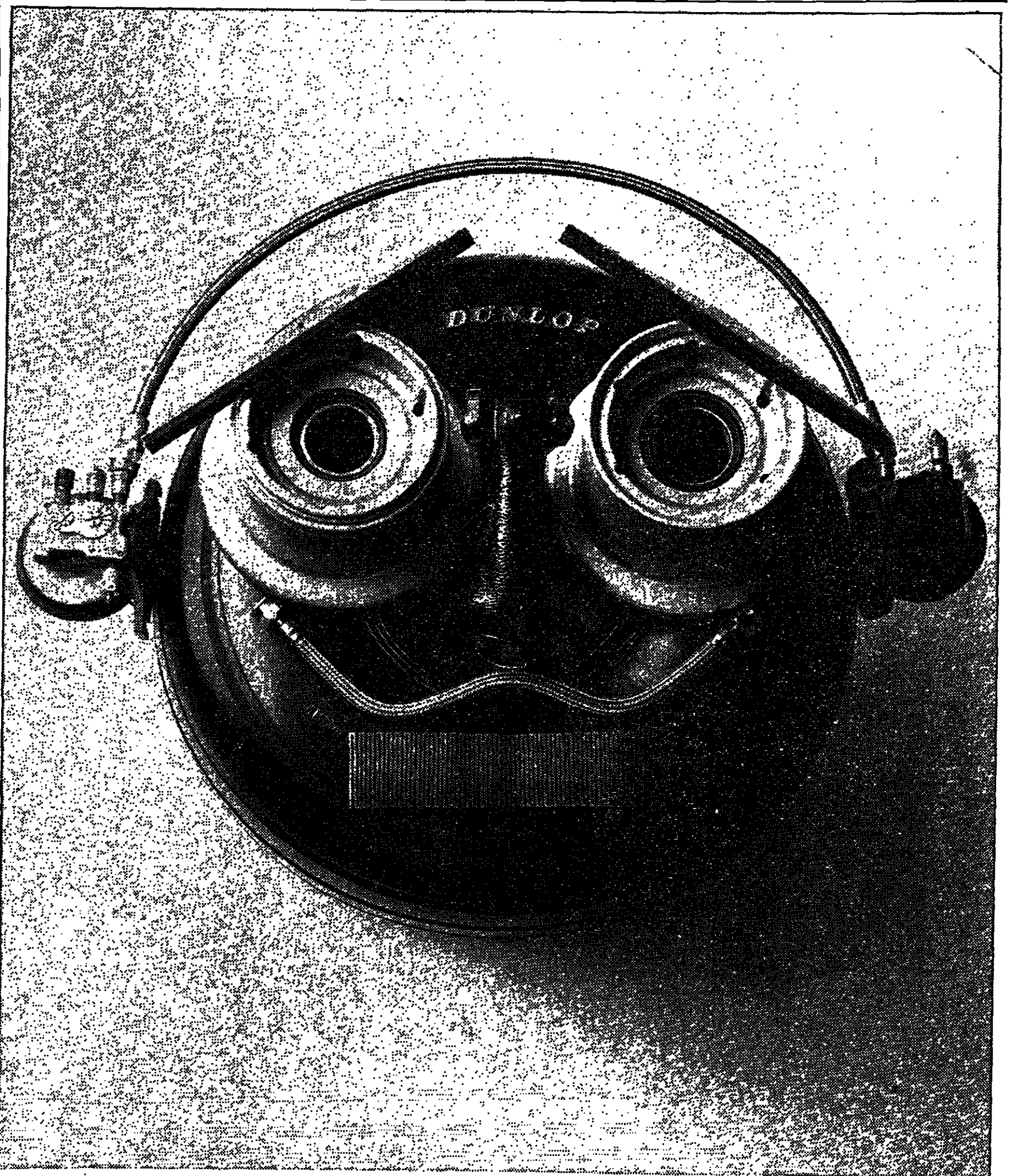
In spite of the growing importance to the U.K. industry of inter-European co-operation, there was a tendency to favour a "policy of prototypes and projects born not from proven needs but from the 'realm of the imagination'." M. Ziegler declined to give specific examples.

## France ends investment \$

BY ADRIAN DICKS PARIS, Oct. 19

THE FRENCH Finance Minister, M. Valéry Giscard d'Estaing, today announced the abolition of the investment dollar as part of a policy to improve the working of the dual exchange market system set up in August.

As from to-morrow French portfolio investors in Wall Street will buy their dollars through the floating or financial franc market, as they do for other types of investment abroad, instead of 100 francs for each dollar through the separate pool of



## Dunlopilot

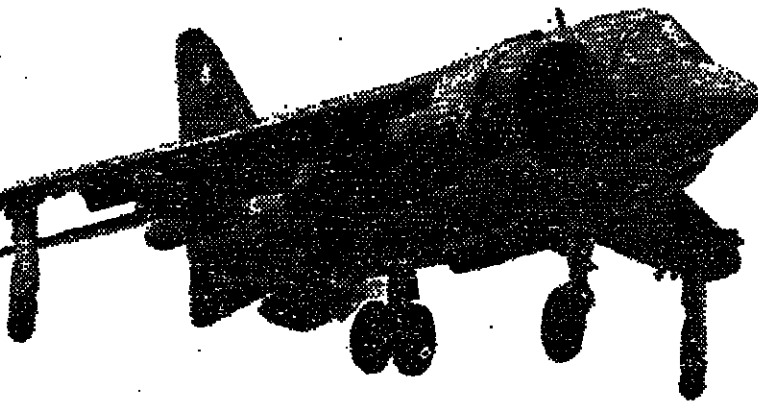
Knows all about happy landings. They're part of the Dunlop way of flight. When we first made aircraft tyres and wheels in 1910, landing speeds were so slow that brakes were not needed.

Today, there are more than 100 different types of aircraft in operation with international airlines and national airforces that use Dunlop components and air safety systems to help their flight cycles from lift-off to touch-down.

Our Aviation Division's brakes and anti-skid systems ensure safe stopping. In flight, Dunlop de-icing systems protect aircraft from ice formation, pilots keep power at their finger-tips with Dunlop control handles, and Dunlop windscreen clearance systems and engine components keep the going clear and smooth.

In collaboration with European aircraft manufacturers, we are making major contributions to important Dunlop-Common Market 'firsts'—among them, the Harrier jump jet and Concorde. We have created new tyre technologies to resist the powerful downblast of heat from the Harrier's VTOL engines and the extraordinary stresses of supersonic flight and landing.

We'll always be with you way up there, and back again.



**DUNLOP**





## Stable food prices forecast

SIGNS OF the world food prices storm "blowing out" were seen by Agriculture Minister Mr. James Prior in the Commons.

"Certainly we can see some signs now of world food prices stabilising and not going on increasing at their present rate," the Minister maintained when he was heavily beset by the Opposition at Question-time.

### Confident

Acknowledging that the food price index had risen by 11.6 per cent. between June, 1970, and August this year, Mr. Prior stuck to a contention for which he had previously been strongly criticised—the contention that some less than scrupulous traders had taken advantage of confusion over devaluation to push some prices higher.

But the Minister refused to be hurried into indiscretions to which Labour MPs plainly considered him vulnerable. He was confident that the measures taken by the Government, together with the CBI initiative to restrain price increases would help to combat the rate of inflation.

Between 30 per cent. and 50 per cent. of increased food prices over the past year had been due to higher world prices, and it was on this front that Mr. Prior said he was now "expecting something better."

As far as the inflationary element was concerned, the Minister added: "The quicker and sooner that wage increases come down to realistic levels, the quicker we will get on top of it."

In the first Question-time cross-examination of Mr. Prior since last July, Labour MPs left no useful brick-bat out of their barrage. The still rising food prices were a scandal, they declared, so was the profiteering and fiddling over devaluation.

Tory promises over prices were the "biggest confidence trick in history," and Mr. Prior was urged to come clean and accept responsibility for the appalling increase in the cost of living and not, "like the rest of the lame ducks on the Government front bench," blame the situation on the previous Labour Administration.

Labour's anti-Marketisers took a prominent part in the attack, with promises of even higher prices when we went into Europe.

### Faster

The Minister protested at extravagant accusations, but Tory anti-Marketiser Sir Gerald Nabarro also maintained that the Government should provide some explicit assurances in this field—particularly as to how the VAT would affect prices. Even if the proposed changes were not applied to food, it would be applied to the distributive processes and therefore, to some extent, would act in the same way as the SST in increasing prices, Sir Gerald argued.

Mr. Prior sought the Chancellor should answer that question. But on prices generally he insisted that increases had been running at a considerably faster rate outside the Market than inside it.

### Scottish MPs see Ministers

By Richard Evans, Lobby Correspondent

TWO GROUPS of Scottish MPs, one Conservative and one Labour, had separate meetings with the Prime Minister yesterday to discuss Scotland's unemployment problem and the prospects for industrial growth.

The Labour delegation, led by Mr. William Ross, "shadow" Secretary for Scotland, Mr. William Hannan and Mr. Bruce Millan, emphasised the "disastrous" employment situation.

There was a widespread lack of confidence and pessimism about the future was growing. What was needed, the MPs argued, was the introduction of major new industries to provide long-term employment.

For this reason the importance of an early decision on the Hunterston steel complex and deepwater port was impressed on the Prime Minister, who was accompanied at the meeting by the Secretary for Trade and Industry, Mr. John Davies and the Secretary for Scotland, Mr. Gordon Campbell.

One of the points put by the Tory group, led by Mr. Michael Clark-Hutchinson, was the need to develop a distinctive policy for the older industries, including paper-making which were going through a difficult trading situation and which could be adversely affected by entry to the Common Market.

The Prime Minister agreed that the lack of confidence in Scotland was very serious and he promised to consider all the points put to him. His general attitude, according to the deputations, was that the Government had put a relational policy in hand and this was taking six months or more to work its way through.

# Labour fails to ruffle Heath over EEC free vote

BY PHILIP RAWSTORNE

IT WAS a half-hearted Opposition that set off in the Commons yesterday in pursuit of the Prime Minister and the Common Market. Nearly half the Labour MPs, for a start, were not so much chasing as trying to keep up with his free vote. And the more they tried, the more they came close enough for discomfort.

If Mr. Heath is on the run, as some Labour MPs claim, it did not look yesterday as if he is going to be caught. Not until he gets to Europe, at least. Mr. Roy Jenkins, a silent front bench observer, left the scene of the hunt before it was over—though not unnoticed by a few snarling glances from his back benches.

### Opinion

It was Mr. Michael Meacher (Lab., Oldham W.) who sounded the first cheering Labour view. Mr. Heath had been forced to acknowledge that he could not carry the Common Market decision purely on his own front vote, he said. Would he now follow his new policy to its logical conclusion and, in view of public opinion, not carry the country into the EEC at all?

Parliament would express its opinion in the traditional way, as Mr. Wilson agreed it should, retorted Mr. Heath with the authority of one who, as he admitted yesterday, keeps the Labour leader's memoirs with other useful books of quotations in his Downing Street library.

Why had the Prime Minister abandoned the duty of calling on his MPs to support the Government's policy, asked Mr. Nigel Spearing (Lab., Acton). Was it due to some of the 120,000 letters he had received since he took office?

Mr. Stanley Orme (Lab., Salford W.) said: "There is a wide spread demand that this inquiry should be in the public and that the people should be able to be represented by legal representatives if necessary."

### Urban

Mr. Maudling said he had written to Sir Edmund Maudling asking him to look into the particular allegations. He was certain the inquiry by Sir Edmund and his colleagues and a statement to the Commons and the publication of the committee's report would be the "right way to go about it."

Mr. Reginald Paget (Lab., Northampton) said that information was being obtained from informers which had resulted in our number of our troops. "Would you not agree that so long as that sort of information continues there are some of us not too much concerned as to the methods used to get it? One cannot fight an urban guerrilla with kid gloves and it is unfair to ask our troops to do so."

Mr. Maudling replied: "Intelligence is of enormous importance in defeating the gunmen, but

"Of course the Government get the best result," he added pointedly. The Prime Minister, looking as though he expected the best result anyway, taunted Mr. Michael Morris (Lab., Wythenshawe), a leading anti-Marketiser, with being "envious and jealous" of Tory freedom.

And he advised a puffing Mr. Michael Foot to consult his own Chief Whip as to whether the Common Market vote was an issue of confidence.

"Any Government is entitled to ask the whole House for support," replied Mr. Heath. "If they are all free to express their support, then perhaps we shall

## Call for 12-mile fishery limit

IF NORWAY emerges from the Common Market negotiations on fisheries policy with an agreement on 12-mile territorial limits Britain will expect the same, Mr. James Prior, the Minister of Agriculture and Fisheries, told the Commons.

He was replying to Mr. James Johnson (Lab., Hull West) who said he had returned from a recent visit to Brussels with the impression that Norway had been assured of 12-mile limits.

Yet there was also a clear impression that Britain would maintain the status quo for the next five years. "All we ask is that the Minister should get 12 miles for us, as Norway will be getting."

Mr. Prior said the Government had always accepted from the start that any new policy would have to be acceptable to all the applicant countries as well as the existing members of the EEC. "If you are right that Norway will get 12 miles that puts us in a very strong position," he said.

Mr. Gledwyn Hughes, Labour's "shadow" Minister of Agriculture, described Mr. Prior's statement as "very important" and asked: "Are you saying that if Norway secures a 12-mile limit as a fixed term that the Government will not be satisfied with anything less?"

Mr. Prior answered that the Government would "naturally expect to obtain the same terms as Norway." It was certainly the case that the terms for all the countries concerned would have to be known before Britain entered into any agreement.

Earlier he stressed: "What we are aiming to do is to get a fully agreed settlement as soon as we can. The status quo in itself does not give the assurance that we require for a long time ahead."

The speaker, Mr. Selwyn Lloyd, is to consider allowing a representative of Guernsey to appear at the Bar of the House to put the islanders' case against entry into the Common Market.

"We cannot agree to depart from civilised standards in the matter otherwise we become no better than those committing the murder."

Mr. Maudling replied: "Sir Edmund Compton has made it clear that he will be happy to consider the information available to the Sunday Times and I am committed to gather arrangements are being made to see he gets it from the questioning those in detention? Sunday Times."

## Free depreciation plans announced

DETAILS OF proposals to be finalised in next year's Finance Bill for capital expenditure incurred on new machinery and plant for use in a development area or Northern Ireland to qualify for the free depreciation allowance, irrespective of the nature of the trade in which the equipment is used, were given in a written reply by Mr. Patrick Jenkin, Financial Secretary, Treasury.

The present statutory definition of mobile machinery excludes certain equipment which in normal use has only limited mobility, but the exclusion is framed by reference to equipment used in those trades in which the 100 per cent. first-year allowance applied before July 19.

"The Chancellor of the Exchequer will propose in the legislation to exclude from the definition of mobile equipment machinery or plant which is suitable for use only:

(i) for or about premises used for the purposes of a trade, (ii) on agricultural, forestry or amenity land, (iii) at a source of mineral deposits, or (iv) at or about a building or civil engineering site.

Expenditure incurred after July 19, 1971, on such machinery or plant, if it is new and is for use in a development area or in Northern Ireland, will accordingly qualify for the 100 per cent. allowance.

General purpose farm tractors and farm trailers such as are commonly used for the conveyance of goods away from the area of the farm would not be eligible for the 100 per cent. allowance but agricultural equipment used only on the land and whose normal movement is simply from one part of the farm to another, would be eligible.

## United Western front likely for OPEC talks

BY RICHARD JOHNS

THE U.S. Department of Justice is understood to have given clearance to the Western oil companies for the formation of a united front in the forthcoming negotiations with OPEC over participation and the readjustment of revenues to compensate for the realignment of currencies.

With the hurdle of American anti-monopoly legislation passed, the companies can now agree on a system of mutual assurances of the sort which they evolved in January before the negotiations with members of the Organisation of Petroleum Exporting Countries on higher posted prices.

The essence of the agreement will be an undertaking by the larger companies to supply the smaller, independent concerns heavily in Libya if there is a breakdown in talks with that country resulting in a halt to shipments. Once again the fear has been that concerns such as Occidental and Continental will be exposed to pressure to give in to extreme demands.

It is generally believed that the Libya will aim at nothing less than 51 per cent. of oil operations and will try to avoid giving compensation for any take-over which is agreed upon. Indeed, the Libyans have been talking in terms of the companies making payment for the "depreciation of assets"—in other words, oil extracted in the past—rather than being compensated for nationalisation.

The U.S. Justice Department's go-ahead was given on Monday following week-long discussions in New York amongst representatives of the 23 oil companies which made a collective pact earlier this year.

MORE BRITONS VISIT SPAIN Eighteen per cent. more Britons went to Spain (3,331,888 against 2,850,100) during the first eight months of 1971, compared to the same period last year, the Spanish National Tourist Office said in London yesterday.

## Slowdown in Midlands workless only temporary

BY PETER CARTWRIGHT, MIDLANDS CORRESPONDENT

UNEMPLOYMENT in key Midlands industrial centres on which the Government is counting to respond to economic stimulation measures will again show a rise when the full figures become available. The full national unemployment figures are due to-morrow.

With substantial redundancies still to be reflected at the employment exchanges and no real improvement in the jobs position, last month's slowdown in the number of men becoming wholly unemployed in the Midlands will be shown to have been a temporary phase.

This is certainly so in Coventry. The August-September increase in this category was over 300. This month's count shows a big increase of nearly 800 to bring the total of wholly unemployed men to just under 8,000. The number of wholly unemployed women has also jumped by nearly 400 to over the 2,000 mark.

However, with more school leavers finding jobs, the wholly unemployed rate remains at around 4.5 per cent. The overall percentage rate is vastly increased by the Coventry toolroom strikes involving about 20,000 and last month's near 14 per cent. is not expected to have varied significantly.

The number of wholly unemployed men in Wolverhampton has also gone up by 139 in the month to October's count compared with the previous month's improvement in the Coventry area.

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The prospects for improvement in the Coventry area are not bright. A growing number of companies, many of them small contractors, have in the past few weeks been declaring redundancy clauses as order books stubbornly refuse to reflect the promise of better business.

While on a quarterly basis the peak of 7,577 notified redundancies in the West Midlands was reached in the first quarter and they were still over 5,000 in the third quarter, perhaps significantly, the number of firms declaring redundancy has been rising since mid-June as the machine tool industry and other investment industries fail to respond to efforts to stimulate the economy. There has been a steady decline in the number of jobs available for men from a peak of 9,132 in July, 1970, to the present low of about 4,600.

Birmingham has been one of the areas worst hit by the loss of new orders, stock reduction and rationalisation. In addition to redundancies that have still to be announced, 3,000 jobs will be going by the end of the year and another 2,500 jobs, although Redman Heenan International, some hundreds from the plant cut factory which will be taken over by the labour market.

One of the most buoyant areas is North Staffs. Although over the area as a whole, which includes Leek in the North and Stone in the South, unemployment is still tending to rise. Both the pottery and coal industries, upon which are well occupied.

In Redditch, an expanding New Town, and Kidderminster, a centre of the carpet industry, the unemployed tide is being stemmed. But further South, in Worcester, more than 1,200 redundancies, almost equally shared between Cadbury-Schweppes and Redman Heenan International, some hundreds from the plant cut factory which will be taken over by the labour market.

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## Former Clyde shipping chief suggests plan to help UCS men

BY ANDREW HARGRAVE, SCOTTISH CORRESPONDENT

A TWO-POINT programme to cope with the emergency created by a possible closure of the Clydebank shipyard has been submitted to the Government by Sir Iain Stewart, chairman of Hall-Thermotank and formerly chairman of Fairfields (Glasgow).

The plan was sent to Mr. John Dugan, Secretary for Trade and Industry, and Mr. Robert Carr, Secretary for Employment, following Mr. Carr's speech on the expansion of training to the Tory Party's annual conference last Thursday.

It suggests bringing forward public works on a scale and also creating in Clydebank an area for training and retraining.

Slum-clearance There are about 2,500 workers employed at the Clydebank yard which is outside the remit of Govan shipbuilders, the new Government-backed company.

Public works to be brought forward might include schools and hospitals as well as slum clearance.

Sir Iain revealed his approach to the Ministers at today's session of the inquiry (sponsored by the Scottish TUC) into the social and economic consequences of the UCS collapse. The idea, he said, was along the lines of the "Glasgow experiment" launched last month and the Fairfields experiment of 1968-7 in which the shipbuilders were retrained in the time than in the whole of Scotland.

(At Glenrothes New Town, Sir Iain proposed that a major scale of labour authority would seek to match labour needs in the area with redundancies notified six months in advance. It would operate on the basis of complete mobility within the area, ensured by training and retraining facilities.)

Sir Iain thought that apart from solving the problem of mass unemployment in the area, it would also help the new Upper Clyde (Govan Shipbuilders) Board to pursue a viable solution to the problems.

It would also, he added, "enable the people operating the 'wind in' at the yards in achieving the aim of the right to work." It felt confident the trade union would co-operate in such a scheme as they did at Fairfields.

Earlier Sir Iain blamed the UCS management and the Labour Government which had done its actions for the collapse.

Resigned He recalled that the working party which had preceded the setting up of UCS had suggested the closure of two of the yards which merged later, with redundancies to 5,000 people which, he said, were necessary to avoid overmanning which subsequently cost the group £2m in wages in two years.

Instead the Board (from which he resigned as deputy chairman after five weeks) gave a two-year guarantee of employment to the labour force which led to the bankruptcy crisis of 1969.

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## Japan



## Other Overseas News

## Queensland share inquiry continues

By Our Own Correspondent

CANBERRA, Oct. 19. The Senate committee inquiring into the affairs of Queensland mines, the Nabalie uranium licences, today made public its first direct results of its investigations of share dealings prior to the public announcement on Nabalie on September 1 last year.

The committee chairman, Senator P. E. Rae, said it appeared that on the day before the public announcement, a certain Australian mining engineer, Mr. J. H. Robinson, his wife and companies in which he was either a director or a shareholder had bought at least 900 Queensland Mines shares—about 30 per cent of the day's turnover in Sydney and Melbourne. He said a significant percentage of the other shares which changed hands on the day and went to London and the committee had been unable to see them further.

Senator Rae said the day in question, August 31, had been the first trading day after a visit to Nabalie by a party which included directors of Queensland Mines, directors of Castlereagh Securities (a substantial shareholder) and Mr. Robinson, who was a director of neither company. He said the August 31 purchases had involved five brokers in Melbourne and Brisbane and a chain of companies which in one instance acquired investigators to trace back seven steps to the Robinson family. Mr. Robinson had invited to discuss the share dealings with the committee "at the earliest possible opportunity," Senator Rae said.

## CHINA SUPPLIES PLANT TO ROMANIANS

By Our East European Correspondent

CHINA is to supply Romania with a complete plant and technical assistance under the terms of a bilateral agreement just signed in Peking. The agreement was signed by the Chinese Minister for External Economic Relations, Wang Yi, and by the Romanian Minister for Machine Building, R. Ion Avram.

No further details were given what type of plant or projects involved, but it is known that the agreement comes in the wake of intensive bi-lateral talks in Peking involving a Romanian government delegation—and in which, where recent visitors have included a senior delegation on the Bank of China. A Romanian industrial exhibition, which has been given considerable publicity by the Chinese, has just opened in Peking.

## Rhodesian sanctions body shows concern at leaks

BY BRIDGET BLOOM, AFRICA CORRESPONDENT

THE Commonwealth Sanctions Committee, which met in London yesterday, has expressed its "deep concern" at leaks in economic sanctions against Rhodesia. In a communique issued after the meeting, the Committee particularly criticised continuing trade in tobacco, minerals and automobiles and deplored the decision of the U.S. Senate to lift the embargo on Rhodesian chrome.

The Committee called for a strengthening of sanctions by all Commonwealth and UN members in an apparent effort to stiffen the resistance of the British Government against lifting sanctions on Rhodesia before an acceptable settlement has been achieved. Some pressure has obviously come from its African and Caribbean members. The meeting took place on the eve of a fresh round of talks between Britain and Rhodesia, which is being held in London. Three Foreign Office officials who leave London tonight for the Rhodesia capital, Salisbury.

## Some effect

Sanctions, the Committee noted, were having "some effect in, for example, setting back economic development and producing an increase in the cost of foreign exchange in Rhodesia. However, a good deal of trade continues, in most cases by countries whose governments had agreed to implement mandatory sanctions. Apart from Portugal and South Africa, which still blatantly defied sanctions, the Committee noted in its discussions that West

Germany, Japan and the U.S. had all broken sanction. Products traded in included tobacco, maize, minerals, automobiles and ammonia.

The Committee called for a tightening of sanctions and a much more effective plugging of existing leaks. It particularly suggested that governments should exercise more caution in approving exports of sensitive products to countries neighbouring Rhodesia.

It is understood that Britain's representative on the Committee, Mr. Mark Le Quesne, Under Secretary at the Foreign Office, told the Committee that Britain's present talks with the Rhodesian regime were confidential. He repeated however that they were designed to achieve a settlement only within the five principles. Seven of the 31 Commonwealth governments were not represented on the Committee yesterday (Tonga, Swaziland, Sierra Leone, Malta, the Gambia, Fiji and Ceylon). Sir John Carter of Guyana was in the Chair.

## Mrs. Gandhi rules out mediation

BY OUR OWN CORRESPONDENT

INDIA'S PRIME MINISTER Mrs. Indira Gandhi today spoke of her anxiety to avert war with Pakistan but ruled out the possibility of either talks with President Yahya Khan or mediation by a third party. At a Press conference here today Mrs. Gandhi said that the desire to avoid war was not "a one-sided affair" and "you cannot shake hands with the devil."

She described the situation on the Indo-Pakistan borders as "very grave" and admitted that heavy troop concentrations and movements had been made on both sides. But she rejected suggestions that India should draw its troops back.

repeatedly said India was concerned only because the situation in East Bengal had led to the massive influx of 9m. refugees into "the sensitive eastern region." Apart from the economic burden this had created, social and political tensions. This was why India was anxious for an early political settlement in East Bengal.

9m. refugees. This was the same answer as she gave to questions on the possibility of third-party mediation. If the great powers wanted to be helpful they should put pressure on Pakistan's rulers to agree to suitable political settlement in East Pakistan. She

NEW DELHI, Oct. 19. repeatedly said India was concerned only because the situation in East Bengal had led to the massive influx of 9m. refugees into "the sensitive eastern region." Apart from the economic burden this had created, social and political tensions. This was why India was anxious for an early political settlement in East Bengal.

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## Pakistan warns India over airspace violation

RAWALPINDI, Oct. 19.

PAKISTAN has warned India that its air force will take "appropriate action" if Indian aircraft continue violation of Pakistan's airspace. The warning was given in a telegram sent by the commander in chief of the Pakistan Air Force, Air Marshal A. Rahim, to his Indian counterpart as an official announcement said today.

The telegram said "Indian aircraft have been violating air space over both wings of Pakistan for some time. Lately such air violations have become more frequent, deliberate and provocative. Violation by an Indian Air Force Canberra in the early hours of October 18 in an area south of Bahawalnagar in West Pakistan is the latest example. If these violations continue, the Pakistan Air Force will have to take appropriate action."

Our Karachi Correspondent writes: At least two political parties, Tehrik-i-Islami of Air Marshal Asghar Khan and Maulana Bhakhan's pro-Pakistan faction of the National Awami Party have finally decided not to participate in the coming by-elections in East Pakistan. Marshal Asghar Khan has withdrawn because he thinks the elections might be "rigged." A National Awami Party workers' meeting presided over by the general secretary, Mr. Masihur Rahman, in Dacca, after the lifting of the ban on political parties' activities felt that conditions in East Pakistan were not conducive for holding elections. The meeting resolved that as long as the "political situation" acceptable to all was not found, by-elections should not be held and the transfer of power held in abeyance.

Mr. Z. A. Bhutto's People's Party is also watching the situation carefully. Its information secretary said that if his party was convinced that by-elections in East Pakistan were not free and fair it might think of boycotting the polls. Mr. Bhutto alleged that attempts were being made to impose an "artificial majority" on his party in order to deprive it of its right to power. Six Right-wing parties have formed an alliance in East Pakistan for the by-elections.

## Arab petroleum states meet in December

By Our Own Correspondent

KUWAIT, Oct. 19.

THE TWICE delayed seventh Ministerial Conference of the Organisation of Arab Petroleum Exporting Countries is now scheduled to take place at Abu Dhabi in December.

On Monday the planned session here could not get under way because of the absence of Mr. Ezzedin al Mabrouk, the Libyan Minister of Oil and Mineral Resources, and Mr. Belaid Abdessalam, Algerian Minister of Oil and Mineral Resources, failed to appear. Their absence was apparently due to the fact that the members had not agreed in advance to the admission of Iraq as a member.

This was why the OPEC conference was postponed last month and a previous meeting in June broke up in disarray. The main opposition to Iraqi membership has come from Saudi Arabia which is backed by the conservative Gulf States of Qatar, Abu Dhabi, Dubai and Bahrain, all of them fearful of Baghdad's revolutionary ambitions in the region. Kuwait has diplomatically remained neutral in the dispute while, predictably, Algeria and Libya have supported the Iraqi application.

## HONG KONG'S GOVERNOR GOES

By Our Own Correspondent

HONG KONG, Oct. 19.

AMID a chorus of praise for the way he has seen Hong Kong through some of its most difficult times Sir David Trench, Governor of Britain's largest remaining Crown Colony for the past seven-and-a-half years, left here today.

The last of the Colonial Service Governors, Sir David's tour was twice extended as Britain procrastinated on naming a successor. It has not only straddled a period of the fastest economic growth the Colony has ever witnessed, but has also been punctuated by a series of crises. His successor is Sir Murray Maclehoze, a former diplomat.

## SOUTH ASIA

## A sub-continent breaks up

BY NEVILLE MAXWELL

CONTEMPORARY events usually loom too close for the historical pattern behind them to be discerned. This is not the case, however, with Pakistan's present convulsions—they slide smoothly into place as phenomena of the classical post-imperial political dissolution of the south Asian sub-continent.

The first break in this process took place the moment the British withdrew, when what they had ruled as India was split up politically into two parts, and physically into three. The anomalous geography of what became Pakistan, in two separated and diverse territories, made the east-west pull the natural fault-line for the next break.

## A milestone

Whether it be seen as the Bengal War of Independence or as the Bengal Mutiny—the opposed perceptions, echoing 1857, held respectively in East and West Pakistan—the attempt of the Bengal province to detach itself from West Pakistan's control, with the Army's ferocious crushing of that attempt, must be a milestone for the sub-continent. That Pakistan can never be the same again goes almost without saying; its two wings can be held together now only by the iron brace of the military.

A united, democratic Pakistan "may always have been a contradiction in terms, but from now on the country might conceivably be one or the other but never both. And the birth of Bangladesh, aborted though that may have been by the Army's repression, seems bound also to have repercussions throughout the sub-continent.

Geography put East Bengal in the van of the sub-continent's reversion into the components from which the British assembled their Indian Empire. The Bengalis of Pakistan are separated from their metropolitan authority not only by a thousand miles and the intervening bulk of India, but also by a vast cultural scarp, made that abrupt by the very fact of separation. West Pakistan looks culturally to the Middle East. To the Bengali the West Pakistani is the only agency with the will

is as alien culturally as an Afghan or a Persian. West Pakistan is an extension of the Middle East; East Pakistan an annex of south-east Asia.

But if the essential and most explosive element in Pakistan's heterogeneity lies within the great east-west straddle across the sub-continent, the diversity within West Pakistan itself is politically volatile. The demand for dissolution of West Pakistan into its component provinces was one potent element in the charge that blew President Ayub Khan out of power in 1969, and one of the first actions of President Yahya Khan when he took over was to concede it. Now, as well as his overriding military problem in the East wing, he has the political problem of evolving a system for the West wing which will accommodate the escalating demands for provincial autonomy there with the army's granite insistence on a strong central Government.

In the West wing Mr. Z. A. Bhutto, with strong popular support in Punjab as well as in his own province of Sind, is pressing hard for the lifting of martial law and implementation of President Yahya's commitment to restore constitutional government. His People's Party has reportedly organised a cadre almost a para-military force, the "People's Guards," which in the already inflamed political atmosphere seems all too likely to strike dangerous sparks. And Mr. Bhutto may find himself in the same situation as Sheikh Mujib-ur Rahman created for himself in East Pakistan—caught between the attitudes shaped by his own often inflammatory rhetoric and the inescapable fact that power lies with the Army.

It seems too much to expect that the Pakistan Army, powerful as it may be and ruthless as it has shown itself, could contain a violent agitation for autonomy in the western provinces while simultaneously holding down East Pakistan. But that is the prospect. The strongest political forces in Pakistan are working to pull the country to pieces, and the Army is the only agency with the will

and, for the present anyway, the power to resist.

The Indian Government's reaction to the developments in Pakistan has been careful, strong and public condemnation and open sympathy with those who have proclaimed Bangladesh, going at least as far as providing "privileged sanctuary" for resistance forces, has not been pushed to the extent of recognition of the separatist movement as an independent government. India's greatest contribution to East Bengal separatism, the ban on Pakistani overflights, sprang not from support to the Bengalis but from another round of the old quarrel over Kashmir, but the Pakistani version of this incident, which has it rigged by the Indian intelligence bureau, should perhaps not be dismissed quite out of hand.

The thin end of the wedge of Bengali separatism in Pakistan was the complaint of regional disparity, articulated and done since the early 1960s. Similar complaints are now widely being voiced by Indian state governments. Relatively backward states complain that the centre, responsive to political pressures from more prosperous or assertive state governments, follows policies which simply widen disparities. States such as the bountiful Punjab argue to the contrary that investment would be located where the best returns can be expected.

There is nothing new in such complaints and arguments, which are inherent in the development process, especially in such a federal structure as India's. But the consensus that appears to be emerging between all India's state governments, which are seeking thorough consideration of the centre's powers vis-à-vis the states, is new. The de facto devolution of political authority from the centre to the states has already effectively hamstringed central planning, and it is doubtful whether anything the centre can do now would reverse that trend. Mrs. Gandhi, the Prime Minister, is talking about strengthening the Planning Commission; but

among the states there is talk of setting up their own autonomous planning commissions.

Are such attitudes among budding demands among Indian states the early steps on a political road leading towards something like Sheikh Mujib's six-point demand for total regional autonomy? If the very suggestion must invite outrage or derision from expatriate Indians and their local clique, I can recall the editorial denunciation in Dawn and other Pakistani newspapers that greeted any reports in 1961 indicating nascent separatist trends in the east wing. Of course, Mrs. Indira Gandhi, with her renewed authority after the general election victory, is in a much stronger position to deal politically with the states' demands in India—but Mrs. Bandaranaike's problems in Ceylon could foreshadow Indian developments. Mrs. Bandaranaike, like Mrs. Gandhi, was not long ago swept back into office on a platform of radical promises; but the compulsions of politics, Ceylon's economic straits and the constraints of the constitution have meant that her performance has not diverged markedly from those of her conservative predecessors.

## In Ceylon

The failure of even declaredly radical governments to advance towards the revolution promised since independence led to the Guevarist revolt in Ceylon, in which Mao Tse-tung's comment of 1919 seems to apply: the movement's "shortcoming was that it was confined to the intellectual and that the workers and peasants did not join in." If Mrs. Gandhi also finds herself unable to translate electoral rhetoric into performance one consequence would be a fuelling of the revolutionary pressures already at work in India. (There the Maoist Communists are avoiding the Guevarist mistake, at least, and concentrating on arousing the peasantry.) And in addition failure in the centre's performance would also be likely to stimulate States' rights demands.

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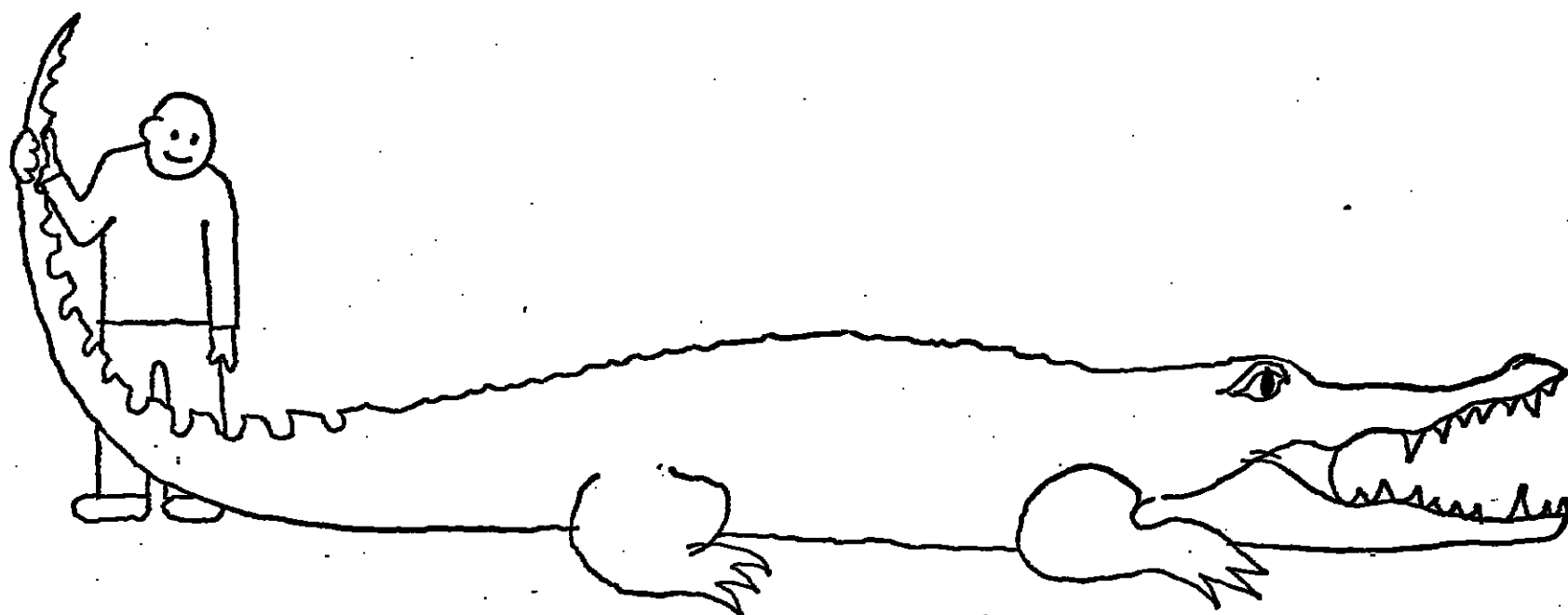
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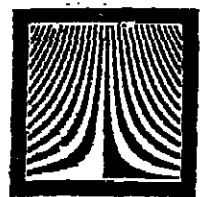
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# The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## PLASTICS

### Precision moulding of small gears

A U.K. company requiring 1m. gears a year will save £10,000 a year by changing from machined brass gears, specially made to the Continent, to moulded thermoplastic gears made by a British company in Suffolk.

The brass gears were machined to a tolerance of 0.01mm. but have been easily matched by the thermoplastic gears and could have been improved to 0.005mm. if required, according to Mr. M. N. Jensen, commercial manager of Girdlestone Electronics, Melton Hill, Woodbridge, Suffolk.

The company, which has manufactured aircraft aerals since the Second World War, has decided to diversify into thermoplastic moulding. Two years' development work at the company, preceded by work with other organisations, has enabled the chief engineer and designer, Mr. P. M. Jones, to establish what seems to be a new technique in the production of thermoplastic mouldings, achieving tolerances previously considered impossible.

Typical figures from the trade indicate that for the production of standard thermoplastic gears to be used in such applications as speedometer drives, chart drives, electronic equipment, autopilots, computer drives, and adding machines, tool design and manufacture might take 16 to 20 weeks and cost about £600 to £1,200, to produce gears to minimum tolerances of about 0.010 mm., with little compensation for shrinkage.

#### Contrast

Figures quoted for the production of similar gears by Girdlestone provide a startling contrast. Three to four weeks for design and tooling, at an average cost of £150, to tolerances down to 0.005 mm. (if required) and with full shrinkage compensation. It is admitted that these are for single cavity moulds, as it has been found that for each additional impression dimensional accuracy decreases by 5 per cent. This is still cheaper than £1,200 for a six-cavity mould.

But Girdlestone is aiming for the small production run as well as the multi-millions required by the electronics and motor industries. If it costs £2 each to have 500 components machined from the solid, a total of £1,000, and of £150 for tooling plus 10p per item (total £200) become attractive.

At the Woodbridge factory the procedure is to study the geometry of the component to be made, then advise the customer on choice of material and design amendments to meet the proposed operating conditions.

The form of the component is calculated on a computer to incorporate shrinkage factors, plus a sharp gap because the mould maintaining operation is by electro-discharge. A master is produced, enlarged on a scale between 5:1 and 100:1 depending on component size. Optics are used to ensure accuracy to 0.0025mm. for the master, which guides the machining of electro-discharge cutting electrodes. Maximum tolerance for the electrodes is also 0.0025mm.

The cavity is sunk into a specially prepared set of impressions made from hardened nickel chromium steel (EN 30B). One of the major features of the Girdlestone technique is that the customer does not have to pay for a bolster, but only a pair of impressions which are made to fit an existing standard bolster, again of special steel.

Each interchangeable impression is a self-contained unit with its own ejector system for removing the moulded component. A reciprocating screw moulding machine is used with infinitely variable injection speed, injection pressure, follow-up pressure and screw speed.

The whole process is carried out in what are almost "clean room" conditions of controlled temperature, humidity, and atmosphere. Quality control is strict, and every tenth component is inspected, including optical checks at magnifications between 10:1 and 50:1 against a master form.

TONY FRANCE

## CALCULATORS

### Hitachi challenge

NO ONE should underestimate the seriousness of the challenge thrown down yesterday by the giant Hitachi company of Japan with the launch on the British market of a series of four electronic calculators. The challenge goes far beyond this area of the business equipment market since it is based on total confidence in the electronic components from which the calculators are built up.

This confidence is only too clearly demonstrated by the fact that Hitachi, through the chosen distributors in Britain—AML, is offering an unconditional guarantee on components and labour for the hitherto unheard-of period of five years.

AML is devoting itself exclusively to the promotion of the Hitachi series, the managing director, Mr. A. Rodgers, disclosed yesterday. He indicated that Hitachi had decided to back his company with funds to an undisclosed total, thought to be over £1m.

Using the 70 Ryman business equipment outlets as focal points, AML is aiming for 10 per cent of the booming U.K. calculator market this year.

According to Mr. Rodgers, this means the company must sell between 4,800 and 5,000 calculators in its first year of operations, the U.K. market being estimated at close on £10m. per year at the moment, rising to between £35m. and £45m. by 1975. These sound like fantastic growth rates considering the rather depressed conditions in business and industry generally.

There is little doubt that AML/Hitachi is going the right way and to achieve this growth rate and to make the company a major force in the calculator market, it is offering anything less than a guarantee. More important still is the fact that prices will remain stable; that the company will not be imposing a service levy; and that leasing has been arranged.

Meanwhile Ryman, for its part, is seeking to expand the number of its sales centres from the present 70 and it intends to open new ones in major business centres at the rate of one a year over the next five years.

Hitachi, whose annual turnover is now \$3,000m., spends 6 per cent on research and development.

## ELECTRONICS

### Thin X-ray storage screen

A THIN screen that can store X-ray images for several hours to permit long-term detailed study of a picture without continuous exposure to radiation has been developed by the electronic tube division of Westinghouse Electric in the U.S. If a permanent picture is wanted the screen is easily photographed.

The screen can also be constructed without storage capability. Then, it becomes a direct replacement for the standard fluorescent screen used to view changing as well as static X-ray images, but provides images ten times brighter, of three times better contrast and two to three times better resolution.

Exact details of the mechanism of the screen have not been forthcoming from the company, but the screen consists of two layers, one photoconductive and the other electroluminescent.

The photoconductive layer is sensitive to X-rays. Deposited on it is the electroluminescent layer which gives the visible image. The layers are sandwiched between two electrodes to which an alternating voltage is applied in order to produce the glowing image of the pattern of the rays.

The company claims that the light weight, small volume, ruggedness and high contrast of the screen will make it particularly suitable in non-destructive testing in industrial production line applications. The screen can be used over and over again, thus making it a replacement for film and reducing costs, says Westinghouse.

### Beam-lead operational amplifier

THE FIRST of a new series of beam-lead linear integrated circuits, the MCBC 1709 operational

amplifier, has been introduced by Motorola Semiconductors of York House, Empire Way, Wembley, Middlesex.

The beams are cantilevered gold structures extending from the chip and which bond readily to the gold-metallised substrate, replacing the usual fragile connecting wires and providing one of the most reliable interconnection systems available. The chip is mounted in an inverted position with the beams providing both mechanical mounting and electrical connection.

For additional reliability, chip separation is performed by an etching process, eliminating possible fissures, caused by the mechanical stresses involved in mechanical separation methods.

The amplifier has an open loop voltage gain of 45,000, an output voltage swing of plus or minus 14 volts and a slew rate of 0.25 volts per microsecond.

## INSTRUMENTS

### Lengths run off from drawings

A SERRATED wheel and electronic memory are combined in a measuring device to take off piping runs and similar material requirements from engineering or construction drawings.

The usual way to measure the amount of piping needed, for instance, is to use a ruler to measure the lengths of pipe on the drawing. This, however, can lead to errors if the measuring process is interrupted, says Dietzen Electronics, of 453, Forbes Blvd., South San Francisco, Calif., U.S.

Dietzen offers the measuring wheel connected by cable to the memory unit. The memory is set to the scale of the drawing, down to 1/32nd inch to the foot. Then, as the wheel moves along the line being measured, a window in the memory unit shows the actual feet run.

The unit also has a calculator keyboard so that the same instrument can be used to multiply the feet measured by the cost of pipe per foot, giving the total cost of material for that segment of the work.

## MATERIALS

### Glass and paper make good bricks

IN THEIR EFFORTS to find profitable outlets for recycled waste materials, research workers have come up with bricks made from old newspaper and broken glass.

Those made from crushed glass are said to meet the standards of the American Society for Testing Materials. They were developed by Tekology Corporation under a grant from the Glass Container Manufacturers Association, of 330, Madison Avenue, New York City, U.S.

The ground glass is combined

with binding chemicals, cement and water. The test bricks passed the weathering standards and samples were sent to members of the Association to arrange for manufacture in their areas. The bricks were made in white and five colours.

The newspaper bricks were developed privately by Robert Matteson, of Alamo, Calif., U.S. The paper is shredded, mixed with pumice, cement, sodium silicate and gypsum, and compressed at 2,000 psi. Weight is 28 oz., about a third that of clay bricks of the same size, and about half the weight is paper.

Matteson says they will float on water, can be held together with ordinary mortar, and will cost only 70 per cent as much as clay bricks in that area. They cannot be used for floors or paving because the paper surface scuffs, but the bricks are said to be waterproof and fireproof.

## TRANSPORT

### Comfort in stationary aircraft

SOMETIMES aircraft passengers have to wait for varying periods before take-off, and with the engines not started, which means that heating and ventilating systems are not operating.

### Axle load weighing system

PORTABLE weighing equipment for measuring road vehicle axle loads up to 10 tons, designed by the Road Research Laboratory, is now being marketed by Trevor Deakin, PO Box 4, Shepperton, Middlesex.

The system which is mainly intended for traffic survey work has two main units for weighing purposes: a weighing platform and an electronic indicating unit. The low platform ensures minimum disturbance of the load distribution across the axles of the vehicle, and no special site preparation is required before setting up the system. The weighing platform measures 20 x 28 x 3½ inches and weighs under 100 lbs.

To cater for situations where recordings of data have to be made, an alternative form of measuring system is offered, providing information storage facilities on printed strip and punched tape. A keyboard supplied with this recording system enables entries to be included in the record of direction of travel of the vehicle, commodity carried, type of vehicle and number of axles, and whether it is empty, half or fully loaded.

## COMPUTERS

### Three trade groups in joint study

BUSINESS Equipment Trade Association (BETA), the Computer Services and Bureau Association (COSBA) and the Software Houses Association (SHA) are investigating ways of co-operating more effectively in the future.

They recognise that all three Associations are involved in the computer field and while they tend to express different interests and responsibilities, these may prove to be complementary and have many points in common.

These aspects will be closely considered in the interests of the development of computing in the U.K. and of the members of the three associations and any further statement must await completion of this study.

## CONSTRUCTION

### Vibratory techniques studied

MANUFACTURERS and users of construction equipment were represented at discussions at the National Engineering Laboratory, East Kilbride, yesterday in an attempt by the Laboratory to establish a direct link with an industry and demonstrate the relevance of its work to the needs of that industry.

One of the main topics concerned the Laboratory's research work on vibratory techniques sponsored by Birmingham and Newcastle Universities. This could, in NEL's view, revolutionise present methods used for cutting and shifting soil, pile driving and concrete breaking and has now reached a stage where NEL is seeking industrial partners to participate in practical development and subsequent commercial exploitation.

### Handling for the thinking businessman: YIELD



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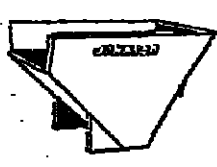


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## SEAT—LEADER OF SPANISH INDUSTRY—

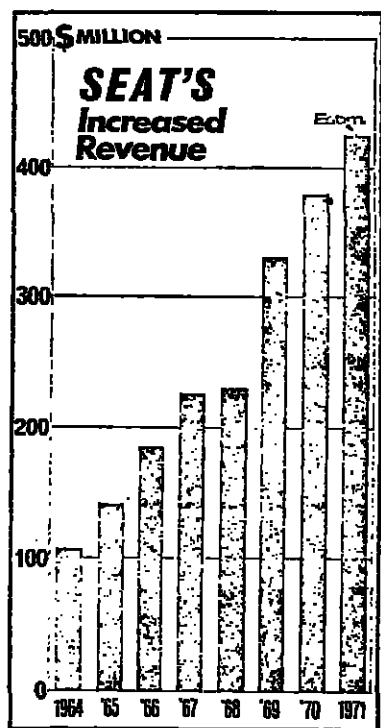
### Will Increase Its Influence in Europe

BUSINESS TURNOVER  
IN 1971: U.S.\$430M.

Among Continental car manufacturers, the greatest growth during the last few years was achieved by the Spanish company SEAT, though it may still be relatively unknown in Britain.

SEAT's success is due mostly to its home market (which has a car ratio of 75 for every 1,000 population—equivalent to the British proportion in 1956) which still offers the best growth potential: SEAT having now achieved eighth position among European car manufacturers.

Another boon to car usage has been price maintenance which has remained stable or tended to drop. For instance, the "800" model, the cheapest in the market, is priced at £420.00 and the enlarged "124" only £684.00 (plus tax). Based on reasonable pricing, SEAT has found it easier to promote its export drive. In some foreign markets, however, its cars may sometimes sell at up to £300.00 over the production price, which is unusual in world trading.



President Pompidou on his recent visit to the SEAT stand at the 58th Paris International Motor Show.

SEAT accounts for 60% of the Spanish home market, representing a demand of half-a-million units per year. Of a total existing production of 2.6 million cars, over 1.6 million were manufactured by SEAT. Starting with 1,000 units in 1953, its production will have reached 300,000 units in 1971. The early first model has increased to 5 with 22 versions, which is well over the range offered by many better-known European manufacturers, thus offering a great variety of choice for its customers. SEAT expects to manufacture 500,000 units in 1975, when a gigantic second plant now being built in Martorell, will come into production.

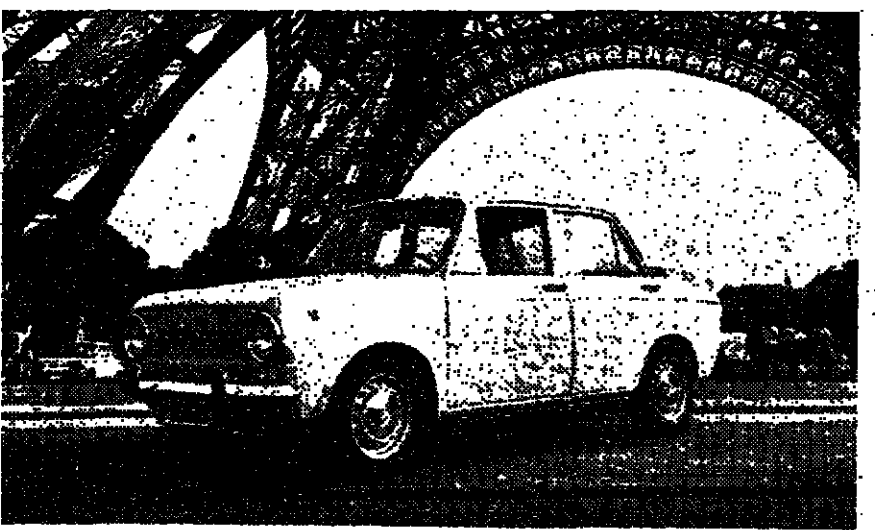
The most popular models in Spain are the SEAT "800" (700,000 of which are running throughout the world) and the "850" (with over half-a-million produced); the other models are the "124", "1500" and the "1430". The latter is a fast, elegant limousine, and is an exclusive SEAT design. Among the most immediate company projects, is the widening of its range of models, with the production of the new "127" next year.

SEAT's total sales in 1971 will be in the order of U.S.\$430m., representing a considerable commercial turnover and a technical and financial strength

to be reckoned with. To achieve this result, nearly 25,000 people are currently employed at SEAT. The company's exports represent 80% of the total Spanish car exports, with some 55,000 cars exported to 30 countries, among them Germany, Holland, Finland, Denmark, etc., amounting to some U.S.\$50m.

At the 58th Paris Motor Show, 6 SEAT cars were on display for the first time. One new car which attracted attention, was a four-door, De-Luxe "850" model, reasonably priced at £600.00. With this car, SEAT and the Spanish industry will start exports of mass production cars to neighbouring France. In the next few months, SEAT, which has already invested in the necessary equipment, will start production of right-hand drive cars, and will start exporting these to Ireland, Malaysia, etc. The first Spanish cars in Great Britain would follow soon after.

These facts—seen from within the context of large European car manufacturers' politics, who have realised the necessity of mutual co-operation—show the importance of SEAT within the future international group SEAT-FLAT-CITROEN, which may become leader in Europe and one of the largest groups in the world.



SEAT 850 SL in Paris. SEAT exports more than 1,000 cars a week; now they are starting to export cars to France.

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## GARDENS TO-DAY

### Arranging border plants

BY ROBIN LANE FOX

ARRANGING plants in a border is like arranging people at a party. Each has its own faculties and fusses: some hate company, other like to be cramped, some like rich food, others like none.

There are those with no manners, there are those who are slow to get going, but as soon as the do they face no more removed. Some do best in semi-darkness, others clash with their neighbours: but gardeners, like hosts, can never be quite sure what to expect.

In comes the Scarlet Lobelia, but it is a year, perhaps, before she is found to like plenty to drink: it is no use planting a Skimmia without including its partner, otherwise it will not give of its full charms.

Ask in one innocent Giant Hogweed, lanky and much too coarse for society, and within a year it will have spread hundreds of children among the other guests.

Unlike borders, parties go better for the inclusion of one or two mutes: eunuchs, guests with no voice, but who, one they all can hate, whereas plants, even if unified, will not be strong enough to do down an enemy.

#### Varied

It is no use putting in sprigs of ground elder to make the flower-bed go with a swing. What the garden needs is a few meek spirits who will make a show anywhere and always mix in with their surroundings; they must be like to see these compatible comely plants in use.

This quality must be long-lasting, so it is unlikely to be found in flowers. I believe that

is the singular virtue of plants with silver leaves.

Whenever there is a problem of how to mix colours together I think of silver leaves to help me out. They can keep apart clashing reds, they can even lift a mixed bed of Michaelmas Daisies out of the common rut of colours, especially as their leaves catch the early morning dews of autumn and glister as the sun begins to come through the mists.

Like all categories, they are so varied. They are woolly, hairy-felted, shiny, some are cut like lace or lath-works, others are both broad and as a dock-leaf.

The suggest so many different patterns: the grey-felted varieties could be mixed with Cistus and Rosemary beneath a window, like a low shrub planting, on a Mediterranean bank, or the shining silver sorts could be matched with bright blues such as tall Ceanothus and small Gentians, perhaps with a bold yellow to brighten them all up.

There is a fashion for mauves, milk-blues and sickly pinks, but with silver leaves I find this too insipid for my taste. Gardening is a matter of contrasts as much as harmony and unless we plant a few possible clashes, there is nothing to be resolved. The vicious carnage of the flowers people, he said.

There are difficulties. Some silver-leaved plants are not hardy to frost, many more will

die if too damp. A heavy fall of snow in January, melting and then giving way to February rains can rot many of the most handsomely felted varieties and it is a gamble to plant them on heavy clay soils or in northern gardens, especially in Scotland.

Digging gravel in around them can help gradually but there are those which will thrive anywhere, one of them being the most useful variety of all, Senecio Javensis (sometimes offered as Senecio Javensis, as the true Greyi is less hardy).

This must be given room as it is a vigorous shrub, too often tucked into a spare hole in the border being bought as a small plant from a garden centre. It will then spread more than a yard wide and up to a yard high with plenty of its rounded silver-grey leaves, the silvery being a surface effect on a background which is really dark green.

Its yellow daisy flowers come in July and I am very fond of them, though gardeners have been known to cut them off in disgust. They are the shape and colour of the Common Ragwort, but this Senecio's brother, but they are well set off by the colouring of the leaves.

Like so many of these grey plants, it can be improved by pinching out the tips of the growing shoots in May. These will root extremely easily as cuttings and their removal keeps the old plant bushy. We should all pinch our plants more often.

Senecio, however, is well-known and great rather than silver. For a less familiar silver, I look to the Artemisia, a bewilderment family some of which have very finely cut leaves but

are not hardy (the one called Artemisia is an example of others of which small hardy and need very dry conditions. Splendens is one of many here).

Far the best is a modern variety now sold as Lambrook Silver, though sometimes the sellers try to pass off a dull-green, leaved sort of Southernwood by the same name.

Once you see it, you cannot mistake it. Its leaves are feathery and rather floppy, a true silver, even if it flowers in July and loses its neat basic shape of masses of sprawling stems which carry ugly grey-white flowers.

Cut these off at once and the plant looks as tidy as in early spring, reduced to its main stock. It also takes up much less room. I have grown it in wet clay, dry shade or full sun for the past four years and have never lost it. Out of flower it is only about a foot and a-half high and as much again in width. It increases easily from cuttings.

#### Blending

This Artemisia is only an introduction to scores of other silver-leaved possibilities. They must wait for another day, but the principle behind them remains true, however many you find and room to grow. Whether felted grey-green Ballot, glistening silver-grey Convolvulus (no, not the Bindweed this time), they are plants which blend a border together, resolving the clashes and incompatibilities of those around them.

There are clouds, certainly, even in a well-loved garden, but you can plan to dissolve them by giving your borders a silver lining.

## Accident prevention campaign launched

BY ELSBETH GANGUIN

THE Engineering Employers' Federation yesterday launched a two-year safety campaign, which will go under the title "Against Accidents."

Sir Kenneth Allen, chairman of the EEF's health and safety committee, said that data had been collected from member companies which had shown that last year 1,520 federated concerns had had nearly 39,000 injuries, resulting in absence from work of over three days. This compared with 34,000 in 1,700 firms a year earlier.

On average, 25 days had been lost per accident, or about 1m. days last year from this comparatively small section of the total industry.

But the question of accident prevention seldom, if ever, appeared as a specific agenda item at company Board meetings, Sir Kenneth added. Yet every company should, as a matter of routine, review its accident record and safety arrangements at least once, or preferably twice a year at Board level.

For the campaign, a management action plan containing six vital ingredients for basic management procedures, which should be adopted systematically, should be produced. Every establishment would be sent a letter, setting a target for achievement by 1973. The campaign would be developed and expanded at regional and association level. There would be conferences and action groups, and a national conference would report progress next October.

Mr. D. C. Bamford, president of the EEF, said the campaign was designed to cut industrial injuries in member companies by 25 per cent. in the next two years.

The project was supported by the Departments of Employment and Trade and Industry, and the report will go to the Robens Committee on Safety and Health at Work.

The report covers 2,367 accidents, minor and serious, which occurred in four different types of industrial workshops over a period of between one and two years.

Accidents are built into most industrial work, and changes in the design of the work would bring about a significant improvement in the accident rate, is one conclusion.

There was evidence, too, that experience, even short-term, had a noticeable effect on accidents. Thus, from the safety point of view, too, operator training was a factor.

It is further suggested that a wider use of ergonomic systems design knowledge was needed in the design of work systems, to eliminate built-in factors. Courses are proposed for the safety specialist, as well as for engineers, designers and management.

In the meantime, much of what was known about the possible reduction of risks remained unapplied because of ineffective communication between shop floor and office, it is suggested. None of the safety personnel had jobs keeping them on the shop floor for long enough.

It is recommended that this problem could be overcome by utilising the current legislative pressure towards industrial training.

Shop floor training should become members of the factory's safety organisation. Communication between the office and the shop-floor would then become the job of the training-cum-safety officer. And the Factory Inspectorate should extend its role to give greater emphasis to teaching and encouragement to those concerned with shop floor training and safety.

2,000 Accidents. From NIP, 14 Welbeck Street, London, W.1, £3.25 (paperback £2.35).

## Setback for Electricity Board sales of appliances

FINANCIAL TIMES REPORTER

A SHARP setback in sales of several types of domestic appliances hit electricity boards during the three months to the end of June, according to figures released yesterday by the Electricity Council.

The biggest drop came in the refrigerator and food freezer sector, which fell 26.5 per cent., compared with the same period last year.

Demand, says the council, was hit by poor weather conditions in May and June in contrast with a warm spell 12 months earlier.

Storage radiator sales fell by 22.4 per cent., immersion heaters 12.8 per cent., and self-contained water heaters 11.1 per cent.

Special promotions during the period, which includes the last full month before the mini-Budget boosted demand for electrical goods, played a part in keeping up electricity board sales of cookers, washing machines, and vacuum cleaners.

Improvements of 0.8 per cent., 11.4 per cent. and 15.2 per cent.

respectively compared with 12 months before were recorded in those sectors. Also well up were sales of clothes dryers, with a 12.1 per cent. advance.

But sales of home freezers are now rising rapidly, the East Midlands Electricity Board reported yesterday. In August, 95 per cent. more were sold than in the same month last year and the pace accelerated in September with a rise of about 140 per cent.

Total turnover in sales of electrical appliances in August was £593,661 compared with £564,241 in the corresponding period of last year.

## ISLE OF MAN GOES DECIMAL

Tynwald, the Isle of Man Parliament, yesterday approved the introduction of its own decimal coinage. There are six coins with the Queen on the obverse.

## HINDSON & ANDREW REID LIMITED PRINTERS

A record year with further development in the national print market. Sales Group Sales increased 22% to £1,581,000. Profits Pre-tax profits increased 39% to £147,000. Dividend An increase from 25% to 30% on capital as increased by the 1 for 10 scrip issue during year.

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Sales	£1,581,145	£1,294,623	£1,060,663
Profit before Taxation	147,097	105,469	79,047
Profit after Taxation	86,647	57,529	44,342
Dividend	30%	25%	22½%
Cover for Dividend	2.05	1.80	1.55

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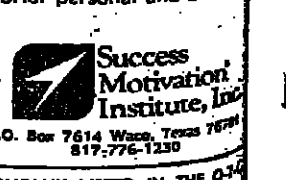
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Or else they'll have some rebuilding on their hands.

**Atlas Copco**



## THE MOTOR SHOW, EARLS COURT

## Estate cars take pride of place

BY SHEILA BLACK

ENGLISHMEN'S castles may have shrunk to flats or terrace houses with a strip of garden at the back. But their cars are, increasingly, becoming estate cars. The demand for estate models is growing at such a rate that it has now become difficult to spot the differences between these and the sleeker saloons. The new estate designs are saloons, with access from the back to stowage space that transforms speedily into seating space.

The advantages are obvious. Children, dogs, the awkward impediments of leisure pursuits, the garden and household equipment that so often need repair—all can be shovelled in through the back more or less ceremoniously but without damage to car, children, or impedimenta.

Yesterday, at Earls Court, additional advantages were found for the estate cars.

These accessible, spacious backs were not filled with children, dogs and luggage but with the usual underequipped girl without whom Motor Show opening day would not seem like opening day. The open car back has definitely simplified the business of draping and arranging those underdressed chaperons (female) for the photographers.

Competition

There were the usual efforts to outdo each other. In the boot of a BMW, girls in pale yellow—though rather little of the six-week cubs would have preferred their leonine mother, that was clear.

but yawned prettily at the flashing bulbs. I asked more about the cubs of a salesman who said, "We would like you to mention the car." So here goes: BMW's 2500 (at £1 under £3,000) is worth mentioning.

Chrysler treated us to the sound of bacchic and the sight of girls in black, scarlet track suits. Janet Webb, who steals the finale from Morecambe and Wise, contrasted with the thin little model in white, mini-Grecian outfit in a Skoda car. Reliant highlighted drama. On a Scimitar bonnet, a dusky, half-stripped man in Moroccan gear

shook his jewelled scimitar above noble young ladies reclining on the bonnet of yet another estate car that just does not look like one.

It has all the zip and performance, the responsiveness, of a sports car with a well-designed body and all that space coveted by the buying public of to-day—and even more of to-morrow, if trends are anything to go by. The Scimitar GTE, with its gracefully curved back, with overdrive, is £2,181 and looks rather more to me. The competition from abroad is formidable. Sans girl, the Citroën stand still attracted men as well as women.

The Citroën GS was by magnet and temptation. At £1,135 (or £1,044 for the Comfort Saloon), it has space, four doors, five seats in comfort, a roomy back, and good interior and exterior design. Internally, the controls are all superbly placed, strategically lying by the steering wheel. The curving, downward sweep of the instrument facia towards the passenger seat is a good idea, for appearance sake as well as for the practicality of giving reclining passengers uninterrupted views. An automatic model is £91 extra.

For me, the GS won a car-of-the-year Show award, as much for its value as for its many, many other qualities and its smooth performance. I had thought it might be overbored but no, it is fairly responsive. All the little extras one wants are standard. Deliveries are rather delayed at present.

Also on my good-value list are the Austin or Morris 1100 and 1300 saloons. The two-door 1100, Mark 3, is £895, with lots of room to go with it plus an excellent runabout acceleration. The four-door model is another £50. The 1300 two-door saloon is £872. I have to confess that, after driving one for a week this summer, I found myself falling increasingly in love with it as an all-round.

But I would definitely go for the four-door model at £903. The estate version, or Countryman, vies with any rival from abroad at £977, while the GT at £1,034

is another good buy in this price category. The British Leyland stands, by the way, were decorously staffed by knowledgeable men in distinctly muted RAF-blue shirts.

The five minis—the "fabulous five" to British Leyland—have had a good time as second-best seller in Britain during the first half of this year. The winners were Austin and Morris in the 1100 to 1300 range. That strikes me as a deserved victory.

Nothing could keep me away from the fluid, rhythmic styling of the Italian cars which, in spite of protracted labour troubles, are hoping to get back into the supply picture this year. But, while they are a joy to see, I find myself so emotionally involved with the Ferrari that I cannot look at the cheaper competitors. However, even my extravagant imagination hesitates to spend the best part of £10,000 for driving in a speed-limited country and in London as much as I do. If I had the £10,000 to afford, I am sure I should change my mind. I am wrong, of course. Those Italian loveables at £2,000 or less, are worth considering, but I shall wait for my Ferrari. In silver grey or purple, I think.

Memories of the thirties held me at the Morgan stand. "This was a racy sports car in its day, the first of them in this country. Enchantingly, it looks hardly changed although it is radically different, rather like the Cadbury chocolate wrapper which has been redesigned so often yet still somehow looks as it did 40 years ago."

Costlier

One should have a 1600 two-seater Morgan, silver grey and with a leather strap around its bonnet if you can get it there, which you cannot in a modern car. But the four-seater still looks husky and sporty and tempting at £1,789.

So much for all those inexpensive cars, the Ferrari excepted. Britain's costlier beauties, Jensen and Aston Martin, have strong replies to make to Italian power and beauty. There is a development of the Jensen Inter-

ceptor, the somewhat more children have left home and brutal or, as the trade calls it, hairier SP at £8,977. Its 7-litre engine makes it somewhat less of the sleek executive's car than the familiar Interceptor or the Mark II and it is proving a popular beast in spite of looking rather more beastly at the radiator.

Aston Martin is destined to be another American favourite. To become so, her British characteristics have been emphasised. New colours have names like "Cricknet White," "Tudor Green," "Yeoman Red," "Imperial Blue," "Tankard Grey" and more in the same genre. Rear seats have been redesigned for more headroom, and this does make a tremendous difference. Radio and eight-track stereo are standard fittings, as are many other refinements.

The ultra-British look of strength and solidity has been enhanced by a totally American air conditioning system, Coolaire from Florida. Most British systems are content with drawing in air and circulating it. Coolaire refrigerates it. A sophisticated system, it also dehumidifies and, because the moisture is run away on the coils, it provides air free of dust and pollen. So, if you suffer from hay fever, buy an Aston Martin DBS V8 at £2,750. But the air conditioning is extra at £369.

Ford, whose Capri has such lovely lines which combine feminine appeal with masculine strength and sports-car shape, has an ingenious seat belt with an ultrasonic system to ensure that the occupants are safely belted. This prevents the car from being driven at all unless the driver and front passenger are correctly belted. All Ford's efforts to cheat the system or to tamper with it have failed. It's a good idea.

The Motor Show is a lot more than just a display of new cars and prestige exporters. Motorised caravans should give anyone pause who appreciates comfort. There must be, as long as one can find places to park it, distinct advantages in owning a caravan. Older couples, whose

Accessories

The accessories strike one as being so reasonably priced as to be cheap. Music wherever you go starts at about £18 for a car radio and goes up to almost anything you care to pay for more sophisticated cassette or cartridge players plus luxury radio.

This year, all the Ice (Ice-Car Entertainment) firms like Pye, Smiths, Philips, etc., have been brought together on the ground floor, near the cars. Do-it-yourself radio fixing is a growing market but may I warn PT readers that it is not as simple as it seems, except for basic radios of the Pye-Ekco type.

There is a lot of knowledge and skill needed in knowing where to drill holes in the precious car, and where to run leads so that neither the engine nor the mobile music interferes with each other.

Software—cassettes and cartridges—are also in at Earls Court this year. We are becoming a nation of musical highway-men—and women.

Did you know that you can get an automatic, pop-out cigarette lighter to fix for yourself for only £2.55. That manual screenwashers can be converted to electricity for £2.79? That a complete, electrical screenwasher is £4.37? In other words, don't worry about buying the cheaper cars. You can give them the refinements.

No inflationary pay pacts  
Heath warns car industry

BY RICHARD EVANS, LOBBY CORRESPONDENT

MR. EDWARD HEATH last night urged the motor industry not to negotiate inflationary wage settlements but to play its small part in bringing inflation under control.

At an eve-of-Motor Show banquet of the Society of Motor Manufacturers in London, the Premier warned that inflationary wage settlements meant fewer jobs. The motor industry was often in the front line of wage negotiations and its settlements had wide repercussions.

"It is essential that in the months ahead the motor industry should play its full part in bringing inflation under control and in safeguarding the economic expansion so essential to the motor industry and to the nation," he declared.

In an optimistic speech, Mr. Heath said there was now no room to doubt about economic

expansion, which was already beginning and there was a new mood of optimism in British industry.

The Government had taken measures which set the stage but it was essential to start to think about how the best use could be made of the opportunities brought by expansion.

Strong home base

The motor industry had claimed in the past that it needed a strong and expanding home base on which to maintain and increase its success in world markets.

"Now you have this base and now is the time for the industry to demonstrate that a sustained and expanding export effort can be combined with a growing home market."

The biggest export opportunity

would lie in the European Economic Community and he acknowledged that the industry realised that Europe was not an easy option, a ready-made path to prosperity calling for no effort.

The Prime Minister argued that in order to prepare ourselves for the opportunities ahead, three problems above all had to be considered if we were to avoid the mistakes of the past— inadequate investment, poor industrial relations, and inflationary wage settlements. "Now is the time," he declared, "when there is still spare capacity and delivery dates are short to modernise out-dated plants and to prepare for the increased demand which lies ahead. Otherwise we shall find, as we have sometimes found in the past, that the expansion benefits not ourselves but our competitors."

## "Extra pay must be earned"

BY DAVID WALKER

AN END to unrealistic wage demands was called for last night by Mr. Kenneth Corley, president of the Society of Motor Manufacturers and Traders.

"There is no more to be had from demanding: there is a tremendous amount still to come from earning," he told guests, who included the Prime Minister, at the annual SMMT Motor Show banquet in London.

The automotive sector was by far the country's largest exporter of manufactured goods and the last few years had not been happy ones for it. It had suffered

"grievous wounds inflicted from without and within," said Mr. Corley.

"We have suffered a long period of artificial restriction and of being told from on high what we must not do. I believe that some part of our industrial unrest was related to a sense of frustration arising from this circumstance," he added.

Mr. Corley went on: "Factories which are not stretched for output are not likely to be purposeful and productive. Job satisfaction, higher earnings and improved productivity stem more readily from busy and bustling workshops

of the kind the motor industry thrived on during its years of freedom from controls."

Now, he declared, the industry had been given its head to show what it could do. "I am hopeful that before long we shall find that we are too busy to strike."

Mr. Corley called it a matter of sorrow that trade union leaders in the motor industry had decided against supporting U.K. membership of the Common Market. "They have opted for staying in their own backyard. I believe this to be mistaken if it is really the long-term good of the industry which is the consideration."

British Leyland to build  
prototype safety car

BY JAMES ENSOR

BRITISH LEYLAND is to build a prototype safety car under a contract which should shortly be signed with the Department of the Environment. It will thus join Volkswagen and American companies such as General Motors and Fairchild-Hiller, in attempting to test novel safety features under realistic conditions.

One of the significant requirements of the new car is that it should weigh no more than 18 cwt, about the same as the average family saloon. Most of the American prototypes have weighed over 40 cwt. British Leyland will develop features for reducing injury to occupants in head-on or side impact with other cars and also tackle the more intractable problem of reducing the injuries suffered by pedestrians struck by cars.

The Road Research Laboratory, which has conducted extensive safety investigations that have shown serious defects in some cars on the British market, will manage the project. It will be able to draw on the extensive American research under an agreement signed by the two governments in Washington in May. European government representatives will be meeting in Stuttgart later this month to discuss the experimental safety vehicle programme of several countries. An attempt will be made to establish common standards which can be passed on to motor manufacturers so that they do not have to design cars to meet conflicting standards.

Motor companies now spend considerable sums on research to improve the safety and pollution aspects of their vehicles. British Leyland alone is spending £2m. a year, and some of the American manufacturers far more. But Lord Stokes, head of B.L., warned yesterday that "we cannot accomplish everything we desire overnight. We must be careful not to price the motor car beyond the reach of the average citizen."

Lord Stokes added that the company had had a successful financial year, which closed in September, with vehicle production up by 14 per cent to 1,070,000. Exports had grown by almost 11 per cent, and the company held its share of the British market at over 40 per cent, despite the rise in import penetration from 9 per cent to 22 per cent in the past three years. The company achieved its sales growth with a

"substantial" reduction in total employment. Vauxhall also reported yesterday that Viva sales were 26 per cent higher in the domestic market in the first nine months of 1971 than in the same months of the previous year. Vauxhall like British Leyland, benefited from the Ford strike this year.

British Leyland's Triumph division is introducing a more powerful version of the Triumph 1500 with 4 bhp more than the basic model. The "Silver Label" 1500 has modified inlet ports and new camshafts and exhaust system design. Its acceleration from 50 mph to 70 mph in top gear is one second faster than the 1500.

RELIANT REBEL  
COSTS MORE

Reliant Motor Company announces that prices of its Rebel range are to go up by £30.30. The increases, to take effect immediately, are necessary because of the higher cost of materials and labour. The saloon will cost £2,124.50, including purchase tax, the estate car £2,881, and the van £703.50.

Who  
is building  
1,113 rooms  
with a view?

Rush & Tompkins aren't the first name in British building, yet we are the first British company to develop a major residential site on the French Riviera, along with the Shop Development Group. The Roi Soleil project in Antibes is a unique venture. Think of a French builder developing a site of this magnitude in Southern England.

This, together with a glance at some of our other clients shows that we're getting really big.

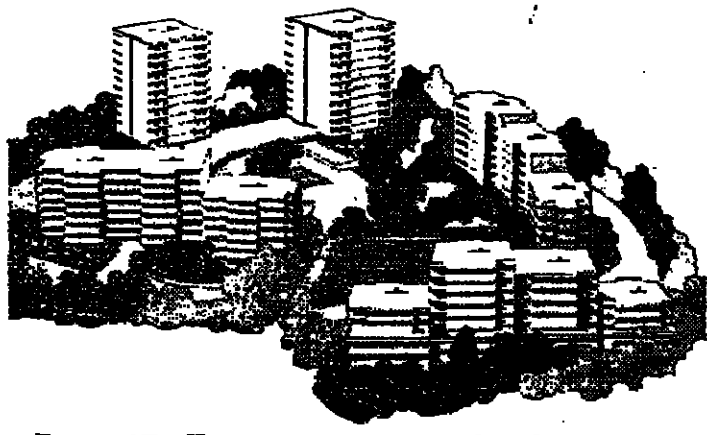
However, we're not letting our growth interfere with one of the most valuable assets a company can have nowadays: the ability to communicate effectively both with those we work for, and those who work for us. Which is probably why in an industry where staff move around a lot, ours seem to stay with us longer. People get to know who they're dealing with, and this saves time, trouble and temper both sides of the fence. Apart

from the construction side, Rush & Tompkins are substantial property developers and can give sound advice on project appraisals, finding sites, designing and planning projects and raising finance.

This is the kind of approach that brought a little more sunshine to the Résidences Roi Soleil in Antibes. Why should anyone settle for less?

Other people getting to know us include Bowaters, C & A Modes, Great Universal Stores, John Lewis Partnership, The Rank Organisation and Vosper-Thornycroft and many local Authorities including the G.L.C.

Rush & Tompkins Group Ltd., Marlowe House, Station Road, Sidcup, Kent.



Les Résidences Roi Soleil, Antibes. Architects: Jacques Frapcech



**Rush & Tompkins: builders worth knowing.**

U.K. Provident's  
open-ended  
pension policy

THE U.K. Provident Institution has launched a new series of with-profit pension, annuity contracts, called the open-ended pension policy, in which recently introduced improvements in terms for self-employed pensions reinforce the effect of recent Government legislation.

In April the Institution announced its improved terms for self-employed pensions which included reduced premiums, a higher rate of bonus (now £3.75 per cent p.a. compound) and an increase in the rate of interest (now 4 per cent p.a. compound) allowed on premiums returned on death before retirement.

Export A  
cigarettes for  
U.K. market

By David Walker

ANOTHER imported contender in Britain's fast-growing king-size cigarette market is being launched by William P. Solomon (Siemsen Hunter).

Its latest brand is Export A, manufactured by W.C. Macdonald International of Montreal. In Canada, Export A has almost 25 per cent of the entire cigarette market.

Unlike most brands imported into the U.K., it is made of Virginia leaf rather than blended tobaccos. At 30p for 20, its recommended retail price is the same as that of most leading British king-size cigarettes.

NEW LONDON  
HEAD FOR EEC  
MISSION

M. Georges Berthoin was yesterday received by Sir Alec Douglas-Home, Foreign Secretary, to whom he presented the letter accrediting him as head of the delegation of the Commission of the European Communities to the United Kingdom. He succeeded Mr. Johannes Linthorst Homan as head of mission.

**Heathrow  
to Paris Only.**  
**Up to 9 times  
a day by BEA.**

New Paris services from November 1st.

Fly BEA from Heathrow to Paris Only—the big international airport with direct connections to all major cities throughout France. There are Trident flights every weekday at:

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The return flights are just as numerous and convenient. In addition to these BEA services there are frequent daily Air France flights.

BEA to Orly: the smooth, fast way to Paris.

**BEA**  
No.1 in Europe



July 1971

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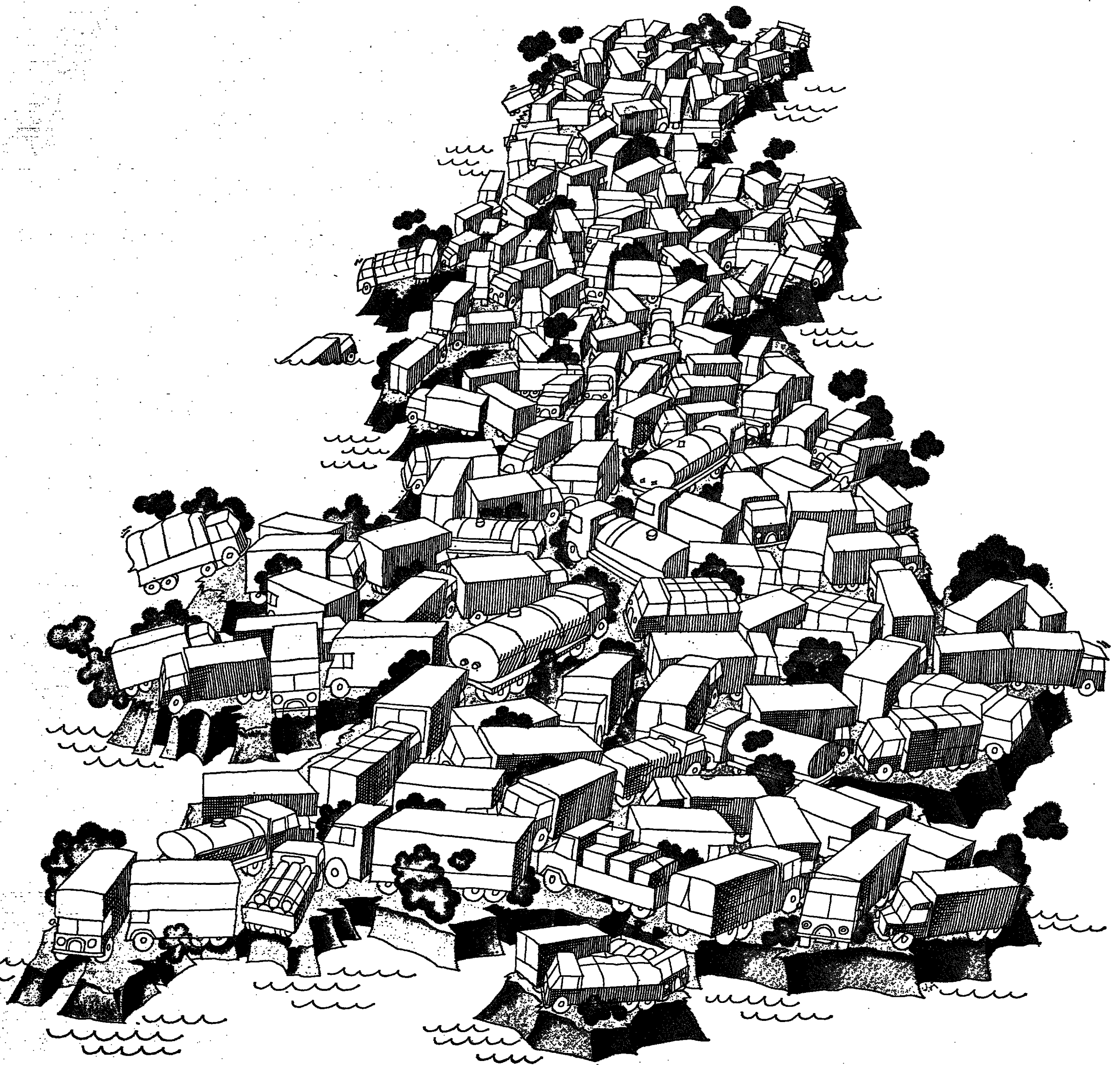
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## We can't stand by and watch the country come to a standstill

If you think Britain's roads are busy enough already, consider this alarming fact. By 1976 there'll be another 200 million tons of freight on the move.

Movement of goods in bulk, an important part of this expanding market, is a natural for Rail. Over a thousand tons of freight can be moved in a single trainload, safely, reliably, with little adverse effect on the environment. Factory to

factory, siding to siding, movement in bulk makes sound economic sense too, as many of our customers will testify.

To make sure we are equipped to meet the demands of tomorrow we are planning now.

Our plans include more freight trains that can cruise at 60 mph; more larger wagons capable of carrying up to 70 tons; the opening of 150 new custom-built ter-

minals and the development of a more streamlined wagonload network. And this is only the start.

Rail Freight is going places.

With the right connections you could come with us.



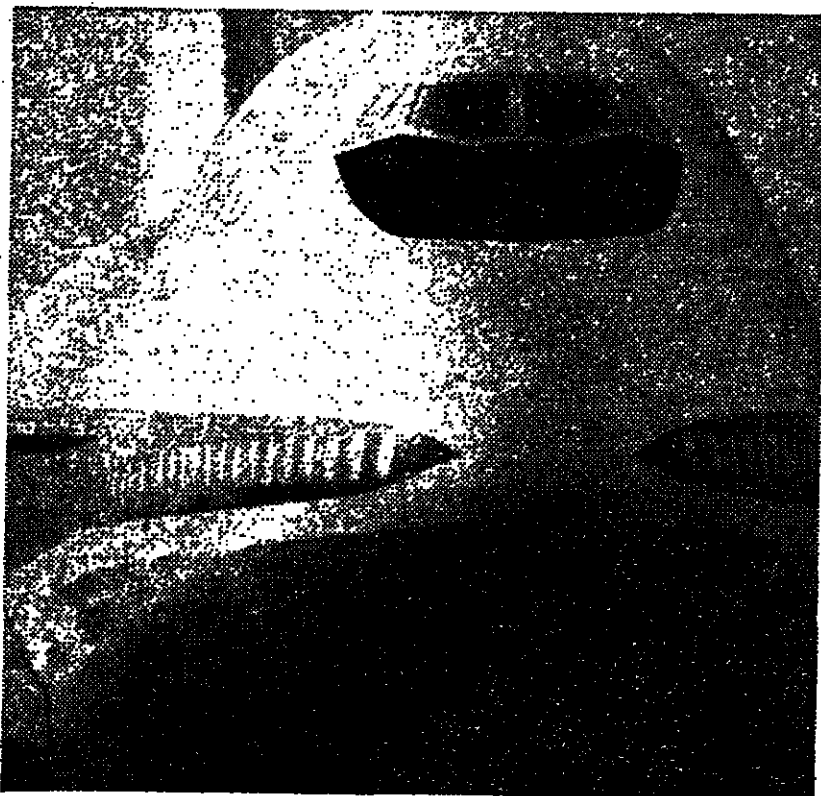
**Rail Freight**

*moving with the times*



# TWA announces a non-stop 747 to Los Angeles.

Leaves London daily-13.00\*



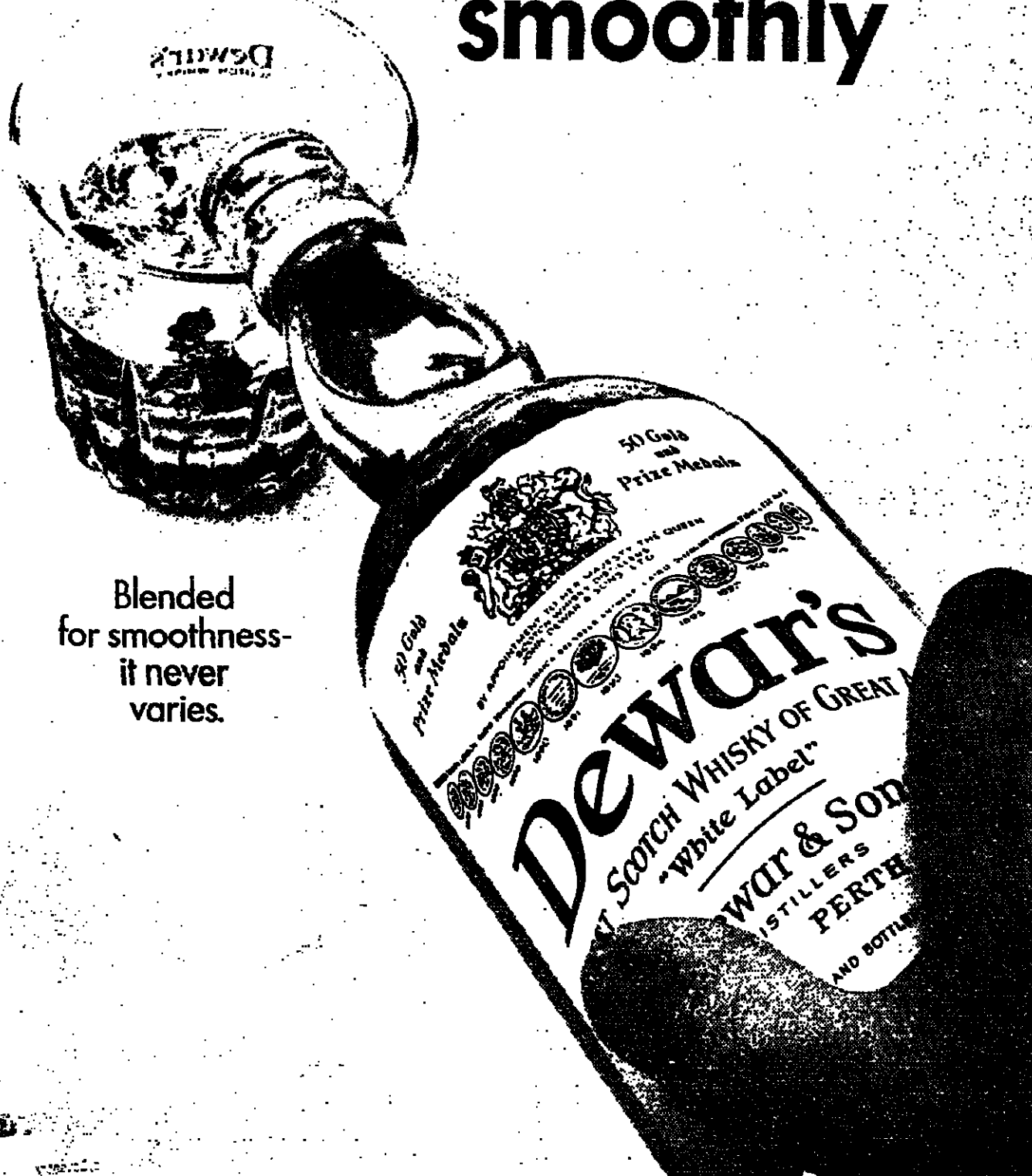
We'll give you a choice of two meals in economy, five meals in first class. Then, to help eat away the flying time, we'll offer you a selection of two

main feature films and stereo music\* Afterwards, if you travel first class, you can choose your company in either of our two lounges. Ask any travel agent.

\* Effective November 1st

\* IATA regulations require that there shall be a nominal charge for in-flight entertainment.

## Keep things flowing smoothly



Blended  
for smoothness—  
it never  
varies.

## MPs urge greater public say in State industry

By JOHN HUNT

MEMBERS OF the public should be given a greater opportunity to voice their complaints against the shortcomings of nationalised undertakings, says the latest report of the all-party Commons Select Committee on Nationalised Industries.

It recommends that the consultative councils which guard the public interest should be given details of the future plans of State concerns such as the railways, gas and electricity. It urges that the councils should become fully independent with the sole function of representing the consumer. But it rejects the suggestion that the system should be supplemented by the appointment of an Ombudsman for the nationalised sector.

"The role of the consultative councils should be established once and for all as the consumers' watchdog," says the report. As such they have an essential part to play in reconciling the public to the operations of the great industries which it owns.

"In order to win confidence they must be seen to be separate from them. They must be housed in offices of their own, publish their reports independently and not shrink from seeking publicity for their views when they think this desirable."

Their effectiveness depends on their dissociating themselves from the public mind from the bureaucracy under which the activities of the nationalised industries seem all too often to be conducted. Only when their independence is clearly recognised will the great amount of voluntary effort that goes ungrudgingly into their working be required.

The committee believes that chairmen of the consultative councils should not sit on the boards of nationalised industries and that board members should only attend the councils by invitation. The councils should also be empowered to engage specialist advisers.

It proposes that nationalised industries should publish "green papers" on the future plans similar to those issued by the Government. "If nationalised industries are to develop the most fruitful relations with the public they should present as fully and as soon as is reasonably possible

### Individual

"The present consultative bodies have access to the sponsoring Minister. It is difficult to see to whom else the Ombudsman would report," it says.

The report comes out against the proposal that local electricity and gas consultative councils should be replaced by joint fuel committees which would also have responsibility for solid fuel. It also opposes the suggestion that consultative councils might be elected.

It advocates the individual publication of annual reports by each council instead of including them in the report of the particular nationalised industry.

"Consultative bodies should be at arms length from their industry and seen to be so," it says. "Their weapon is moral persuasion, if necessary through the Minister."

Second Report from the Select Committee on Nationalised Industries: Relations with the Public. SO, 44.70.

Textile dyers' bid for price restraint

THE Knitted Textile Dyers' Federation is recommending its 60 members, most of whom are in the East Midlands, to try to abide by the spirit of the Confederation of British Industry's undertaking on price restraint.

None of the Federation's members was among the CBI's largest 200-member companies who were asked to sign the agreement that they would not increase prices, or to limit unavoidable rises to 5 per cent.

About 15 of the Federation's members are large manufacturers with their own dye houses. The remainder are specialist companies dyeing for other companies.

## Hull traders challenge port charge increases

By RAY DAFTER

TWO Hull trade associations are challenging increases in local port charges in a move which if successful, could embarrass the Government over its financial policy for ports.

The Hull Incorporated Chamber of Commerce and Shipping and the Hull Fishermen's Owners' Association are appealing against Hull port charges following the 20 per cent increase this summer. The appeal will be heard by the National Ports Council, which in 1969 upheld an appeal against fish-handling charges at the neighbouring port of Grimsby. Since then, however, the Government has directed the ports industry to be more communally minded and to charge more realistic prices, a directive which has been followed by a string of big increases in ports around the country.

Hull, which like Grimsby, is one of the 19 ports controlled by the British Transport Docks Board, is expected to lose between £500,000 and £750,000 this year. The port has lost trade at a rate which has justified a local investigation into the reasons. The general economic situation and the recent spate of one-day dock strikes are seen as contributory factors.

Mr. William Hope, secretary of Hull Chamber of Commerce said that port charges had been increased by 48.5 per cent over the last 12 months and this was regarded as a contributory factor to the serious decline of the trade of the port.

Apart from Hull and other Humber ports, which have also had a lean year, the Docks Board ports are reporting improved performances this year, largely as a result of increased charges and cost control measures.

At the moment, the Board is trading profitably, but this situation could well change before the end of the year if it suffers any more serious working disruptions, said Sir Humphrey Browne, chairman.

AVONMOUTH Engineering Group has won a £150,000 contract for the construction of a 90,000 square foot transit shed at Cardiff Docks, part of a £350,000 port redevelopment project for the growing fruit imports and general cargo trade.

Last year the port handled more than 110,000 tons of fruit but, through shortage of suitable shed accommodation, was forced to turn away at least 10 vessels with a total of some 50,000 tons of cargo.

Officials at the port—part of the British Transport Docks Board Group—estimate that when the new shed is completed in April next year the port will be able to deal with a further 90,000 tons of fruit and general cargo a year.

### HOME CONTRACTS

## Wm. Neill & Son wins £1m. Esso order

Wm. Neill & Son (St. Helens), a subsidiary of Capper-Neill, has won a £1m. contract for eight oil storage tanks at Esso Petroleum. These are for Esso's Milford Haven refinery. The contract is scheduled for completion by spring, 1973.

Thomas McInerney and Sons is to build an 18-storey block of flats and a series of blocks of houses at Meadow News (Borough of Lambeth) under a £1.74m. contract awarded by the GLC. Some 300 dwellings are involved.

The company is the operating subsidiary of McInerney Properties of Dublin and accounts for about 45 per cent of the group turnover which is expected to be about £14m. for 1971.

In a statement in London yesterday, Mr. D. McInerney, joint managing director of the McInerney Properties revealed that the company was seeking a quotation on the Dublin Stock Exchange.

British Steel Corporation's tubes division is supplying carbon and alloy steel tube worth more than £300,000 for the South of

## SOUTH AFRICAN COAL ESTATES (WITBANK) LIMITED

(Incorporated in the Republic of South Africa)

The following is from the Review of the Chairman, Mr. F. S. BERNING:

Difficult conditions were again experienced during the year and profits suffered accordingly.

The profit for the year, after tax, decreased by R21,000 to R423,000. Total dividends were reduced by two cents to 40 cents a share, absorbing R400,000, and the balance of R23,000 was appropriated for capital expenditure. Expenditure incurred on fixed assets, principally on sinking and equipping the new No. 5 seam shaft, was R215,000, largely financed by loans to which I will refer later.

During the year a total of 1,824,000 metric tons of coal was sold, a decrease of 3,000 tons compared with the previous year.

At the Landau No. 3 steam coal pit, stone intrusions are still being encountered to a much greater degree than is normally associated with mining conditions in the Witbank area. As a result of this, and also because of the necessity to maintain the quality of our product within high grade specifications, 21 per cent of the tonnage mined from this pit during the year was discarded as waste. The mining and processing problems and also the general increases in the cost of labour and materials had a serious effect on working costs, which showed an increase of 3.5 cents a metric ton compared with the previous year, and to aggravate the position, the price realised for our steam coal was lower because of increased selling expenses.

In this climate of increased working costs and lower revenue, it is quite clear that a state has been reached through which the industry when generally the mining of steam coal is yielding only marginal profits. The triennial review of the controlled price of coal is due shortly and will no doubt bring some relief. However, it is my view that the whole structure and effect of coal price control requires careful and urgent reappraisal. The periodic increases granted are too little and too late, while the lack of flexibility in the application of the price leads to waste of fuel, both in the form of discard and in the sense that consumers demand qualities superior to their needs, simply because they pay little or no more for higher grades. I believe that unless the inadequacies in the country's coal pricing system are remedied soon, a shortage of supply of domestic coal will develop, purely because producers will become so disenchanted with their return on capital that they will discontinue investment in new or replacement output capacity.

The output of No. 5 seam being coking coal from the Nicholson shaft is committed under contract to the South African Iron and Steel Industrial Corporation Limited (Iscon). It is expected that Iscon will build up its requirements to 600,000 tons a year and, at this rate of production, the reserves in the two five seam areas will be exhausted concurrently in about seven or eight years.

In my review last year I referred to our participation, through the Transvaal Coal Owners Association (1923) (Proprietary) Limited, in a contract to supply a low-ash coal from the No. 2 seam to Japanese steel mills. Our company is scheduled to be the first to deliver coal under this contract, with initial shipments through Lourenço Marques at the rate of 100,000 metric tons a year from October 1972 to April 1975, when shipments are due to commence through Richards Bay. The company's delivery rate will then increase to approximately 500,000 tons a year for the remainder of the contract which extends until 1986. In the overall period of the contract, the company is to supply some 5.4 million tons of coal. During the period from October 1972 to April 1976, Iscon has agreed to accept from us 300,000 tons of low-ash coal a year, at the same level of price as is applicable to the deliveries to Japan, and this will enable us to make full use at the outset of the new washing plant and other facilities which we will have to instal. I stated last year that it was unlikely that capital expenditure would be less than R2,000,000; in the event, because of steeply rising prices and design modifications, the final estimate is R2,850,000 to produce low-ash coal without expansion of overall sales output. Although this is a very substantial sum of money in the context of our present financial circumstances, I am confident that it will prove to be a profitable investment and that the innovation of producing metallurgical coal from the No. 2 seam will provide the colliery with a long-term future which otherwise would indeed have been uncertain. I would also like to tell members that we have indicated to Iscon that we would be prepared to consider opening a new mine in what would be known as the Landau No. 4 section of the colliery, south of the present workings, to provide for continuity of supply of the 300,000 tons previously mentioned, which would otherwise cease when full-scale deliveries to Japan begin. This would of course entail large capital expenditure, probably of the order of R7,000,000, and would only be undertaken if a long-term market at appropriate prices for both low-ash coal and the 'middlings' product can be guaranteed.

During the year we were called on by Arnot Colliery (Proprietary) Limited to provide R583,000 as an interest-free loan. Members will recall that the Arnot company holds the contracts to supply the Electricity Supply Commission's Arnot and Kriel power stations. Our participation right in that company is 6.851 per cent. The amount of R583,000 represents our 20 per cent share of expenditure incurred on the Arnot Colliery up to the commissioning date of the first set at the Arnot Power Station in May 1971. It is expected that permanent financing arrangements will be settled by the Arnot company shortly. Having regard to the teething problems invariably associated with the running in of the large modern generating sets, the Arnot power station is functioning satisfactorily and, if coal consumption is as planned, it seems likely that further calls on us by the Arnot company will not exceed R100,000 before construction work starts on the Kriel colliery.

In order to finance the Arnot loan and other capital requirements, we have obtained short-term loan facilities from Anglo American Corporation of South Africa Limited. The balance on this loan account was R1,088,000 at the year end and it has since risen to R1,500,000. Consideration is being given to the best means of raising permanent capital, and members will be further informed as soon as is possible.

Copies of the Report are available from the London Office of the Company, 40, Holborn Viaduct, EC1P 1AJ, and from the Office of the United Kingdom Transfer Secretaries, Charter Consolidated Limited, Kent House, Station Road, Ashford, Kent.

The fifty-first Annual General Meeting will be held at 44, Main Street, Johannesburg, on Tuesday 9th November, 1971, at 11.00 a.m.

## NATAL COAL EXPLORATION COMPANY LIMITED

(Incorporated in the Republic of South Africa)

The following is the Review of the Chairman, Mr. F. S. BERNING:

Net profit for the year increased by R56,000 to R124,000. A dividend of 2.5 cents a share absorbed R125,000, leaving an unappropriated profit of R17,000 to be carried into the current financial year.

With the closure of the mine in October 1968, the company's business is now confined to receipt of royalty income from:

- (1) the lease of its bituminous coal trade allocation to three other producing collieries in Natal;
- (2) the lease of its coal reserves in the Mool Krantz area to The Natal Cambrian Collieries Limited (Cambrian).

Total income for the year amounted to R181,000, made up of R87,000 from the lease of our trade allocation, R100,000 received from Cambrian and R14,000 from sundry other sources. This total compares favourably with the amount of R146,000 received during the previous year and is unlikely to be significantly exceeded in the future.

As foretold in my previous review, total expenditure of R57,000 for the year, comprising caretaking, maintenance and administration expenses, was lower by R21,000 than in the previous year.

With the exception of the mine property and village, no other realisable assets at the mine remain unsold. Shareholders will recall that the company's real estate, comprising 782 hectares of land, a compact mine village of 64 European houses and various other mine buildings and amenities, lies some 22 kilometres south-west of Newcastle in Natal. For the present, the majority of the houses are being leased on a short-term basis to the South African Iron and Steel Industrial Corporation. In due time this asset must be sold, but it should be pointed out that recent detailed town planning surveys for the town of Newcastle over the next 30 years contemplate major expansion plans which unfortunately leave the mine property somewhat remote from the main focus of development.

### FUTURE PROSPECTS

Our company has an assessed tax loss which the present level of annual income will take many years to work off. Provided the present level of our royalty income is maintained, it should prove possible to maintain the current year's dividend at the level paid last year.

Copies of the Report are available from the London Office of the Company, 40, Holborn Viaduct, EC1P 1AJ, and from the Office of the United Kingdom Transfer Secretaries, Charter Consolidated Limited, Kent House, Station Road, Ashford, Kent.

The twenty-second Annual General Meeting will be held at 44, Main Street, Johannesburg, on Tuesday, 9th November, 1971, at 10.45 a.m.



**One drive is worth a million words.**



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## The Executive's World

EDITED BY  
DAVID PALMER

## Your Business Problems

Long-range  
planning  
film by EMIBy John Chittock,  
Industrial Film Correspondent

The rationale of turning crystal ball gazing into a reliable management technique—long-range planning—is the subject of the latest EMI Special Films Unit production released yesterday. It follows a series of films on management by objectives—and an unfortunately timed film on marketing with a sequence on the Bayes which might have benefited from this newest production. Focus the Future, in fact takes aviation as its opening theme, with a delightful sequence of our grandfathers in their often bizarre attempts at setting airborne.

After this "good opening" the film sinks to the familiar formula of the fictitious company and the boardroom chat. This introduces its own anomalies by showing a series of films on management by objectives—and an unfortunately timed film on marketing with a sequence on the Bayes which might have benefited from this newest production. Focus the Future, in fact takes aviation as its opening theme, with a delightful sequence of our grandfathers in their often bizarre attempts at setting airborne.

Plenty of in-filling comes, however, in a supporting book with the same title—Focus the Future: An Introduction to Long-range Corporate Planning. Written by H. F. Robert Perrin, this is integrated with the film and reproduces the film's commentary. Cooperation for both book and film came from the Long Range Planning Society. Copies of the film are available on hire or purchase, in 16 mm colour, running time 24 minutes; the book may be purchased separately for £1.25. Both are available from EMI Special Films Unit, 24, Dean Street, London, W.1.

## SMALL BUSINESS

It sounds astonishing, but two years ago whenever Thomas Proctor of Newcastle received an order the warehouseman found difficult, he simply burnt it. PAMELA READHEAD describes how the company is moving into the Seventies

## Proctor takes a gamble

HOW MANY British companies tear up their customers' orders if they are the slightest bit complicated? keep their stock on the floor in heaps, and rely on memory for price-list catalogue and order book?

Proctor of Newcastle has been running along quietly like this for the last twenty years. Not the Proctor of washing powder fame. I should add, but Thomas Proctor, distributor of industrial goods to the trade since 1794.

"I suppose you could say that Proctor had at least met the first management objective," says the new managing director, Ken Lee. "Since its incorporation Proctor has belonged to the Proctor family. Every generation provides a 'governing' director who looks after the company and all the shares are held by the family."

After the war the Proctors drifted South and more or less forgot what was going on in Newcastle. Then, a couple of years ago, when his father died, responsibility for the firm passed to John Proctor, an airline pilot from Reigate.

## Family business

Like a character in the Forsyte Saga, John Proctor knew about the family business, but it was very remote. His father had been an artist and took very little interest in the firm.

John was far too busy flying aeroplanes to look after a small business in the North. He even thought of selling it, encouraged by his aunt who held a lot of the shares. But his wife, Vera, would hear nothing of this. "I headed North," she says. "I wanted to find out what was happening."

Vera Proctor walked into the dingy building a stone's throw from the Tyne and found a slum. "It was horrible. There seemed to be men and boys just standing around in dirty overalls." The building was dark, cold and smelly. Mrs. Proctor began an immediate springclean, tearing out old sinks and putting in new lavatories. "I told my husband I didn't care what it cost. I came from South America where they have respect for people," she says fiercely.

But that was not all. Mrs. Proctor decided to learn how to run the company. "I knew someone from my husband's company

had been to 'Sundridge Park,' she says, "so I rang them up and asked if I could." "It was awful," she says now, "all the men came from companies quoted on the stock exchange. I got so worried I had a migraine. After three days, Mrs. Lee went to the course tutor clue."

He walked into Proctors and nearly walked out again. "I couldn't believe my eyes. I called in the three salesmen and said, 'Well, lads, how much did you sell last week?' They didn't know. 'Well, how much did you migrate?' After three days, Mrs. Lee went to the course tutor clue."

Lee found that there was no shortage of demand for Proctor's goods. "But the organisation was rotten from within." He decided to re-fashion the company from scratch.

The Proctor staff of 19 were all being paid about £4 less than the average for the jobs they did. This was made good immediately.

Other very basic changes have been made. The stock has been counted—4,500 lines have been listed and a catalogue has been prepared. A stock control system has been introduced so that a man no longer has to run up four flights of stairs to find out if something is in stock.

Downstairs in the shop, the windows have been cleaned and a few point-of-sale displays mounted on the wall. In the first week since this small change was made, over-the-counter sales rose by 30 per cent. to £1,300 a week.

Out in the field, the salesmen who first told Lee that they were "representatives" and not required to sell, have been given an incentive on direct sales. Between September and December, 1970, sales rose from £14,000 to £25,000 a month.

Down in the warehouse, a new store team of ex-army staff sergeants has been introduced. Lee still thinks they sell 1,000 lines too many, but it is too soon to say which.

Already, Lee has proved to the sceptical staff that they can handle 25-50 per cent. of extra work with no extra hands.

The company's cash flow has been helped by the sale of some land opposite the shop, for £10,000. Two years have been bought and for the first time in 40 years the offices painted.

The Proctor story sounds small beer. A new MD, a £2,000 PA assignment, and a few simple changes. But as PA consultants point out, Proctor may well be typical of hundreds of companies in the U.K.

DeMartino in European Business, (25, Boulevard Raspail, Paris 7, France) Summer.

Charges that the policy of granting allowances to an executive transferred to another country makes for inequality. Compares cost of living, taxation and other factors in a number of European countries. All this leads into a description of the policy adopted by the Intertech Company (plants in nine European and three American countries) which it is claimed is a new logical solution.

WORKER PARTICIPATION IN MANAGEMENT  
B. Teague in The Conference Board Record (845, Third Avenue, New York, N.Y. 10022, U.S.) July.

A factual summing up of the working of "Mitbestimmung" in Germany, compared with the co-operation of the German Information Office in U.S. Claims "Mitbestimmung" as one—but perhaps the critical factor in German employee attitudes, which in turn are given the credit for the low incidence of strikes (as strikingly demonstrated by a UN comparison).

INTERNATIONAL EXECUTIVE PAY: WHO CHEATS WHOM?  
R. D. MacDougall and E.

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Out in the field, the salesmen who first told Lee that they were "representatives" and not required to sell, have been given an incentive on direct sales. Between September and December, 1970, sales rose from £14,000 to £25,000 a month.

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The Proctor story sounds small beer. A new MD, a £2,000 PA assignment, and a few simple changes. But as PA consultants point out, Proctor may well be typical of hundreds of companies in the U.K.

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## Unit trusts' gains tax

BY OUR LEGAL STAFF

Would you please advise me how one calculates the amount of Capital Gains involved when selling Unit Trusts, information I have tried to obtain without success?

In principle you take your cost (assuming purchase after April 6, 1965) and add it to the capital gains apportioned to the units while you have held those units. You calculate your gain by deducting from the sale proceeds the uplifted cost.

As there are a number of complications, and each case depends upon its particular facts, you should seek the advice of an accountant, to help you with your problems.

## A foreign partner

We contemplate forming a trading partnership, consisting of two U.K. registered companies, and a company incorporated abroad having no business in the U.K. What would be the latter company's U.K. tax position? If subject to corporation tax would it also be subject to income tax? Would there be any difference if foreign company was an unlimited partner?

It is assumed that the directorial control of the overseas company would be abroad so that it would not then be U.K. resident for tax purposes; mere registration abroad would be insufficient to establish non-U.K. residence.

The overseas company would be trading as a partner in the U.K. and as a result would be subject to corporation tax on its share of the partnership income. There would be no withholding tax on transferring to the overseas company its share of profits. There would be no difference in treatment if the overseas company was a limited partner.

The income of the overseas company could still be subjected to U.K. income tax and surtax, under Section 478 Taxes Act, if broadly speaking a U.K. resident individual were ultimately to enjoy its income. The proposed transaction also requires consideration in relation to the proposed reform of U.K. corporation tax.

## Non-payment of ground rent

Would the procedure described under the heading Distress for Ground Rent (October 13) apply where the demands sent to the lessee are returned marked "gone away"? If the premises are in fact empty—there is no one there and no furniture or other similar assets which can be seized—then the remedy of distress (which is cer-

tainly available to you) would be useless. In this case your correct remedy is to forfeit the whole lease of the premises in an action in the Courts. In this way you will get the property back into hand, and can sell or re-let it as you see fit.

## Improvement grant

In calculating capital gains tax does the cost of an improvement stand reduced by the tax refund recoverable by the vendor up to the date of re-sale on an agricultural capital improvements claim?

The cost base will include the cost of capital improvements and such costs will be reduced by any improvement grant. If a loss arises on the sale it will be restricted by reference to any allowances made in respect of the capital improvements under Section 314 Income Tax Act 1962 (now Section 63 Capital Allowances Act 1968) but not by the amount of the tax refund itself.

## A bankrupt mortgagor

I have agreed to sell a house and leave the bulk of the purchase price on mortgage. What happens if the buyer becomes bankrupt? If you have a mortgage on the house you will have the value of the house to look to to satisfy the mortgage before the general creditors get a penny out of it.

## A company in liquidation

A company has two shareholders and directors and a chairman who is not a shareholder. Must the chairman agree to a liquidation? On liquidation, would it be better for the other two directors to receive some of the money due to them as salary? What would be the tax position? Would the chairman be entitled to anything?

The chairman's agreement is not necessary to put the company into liquidation. This is done by the members passing a resolution in general meeting to put the company into liquidation.

The liquidation distributions would normally only be liable to capital gains tax in the hands of the shareholders (the gain would generally be measured by the excess of the distributions over the capital April 6, 1965 value of the shares). Prior to liquidation it would be advisable to obtain from the Revenue clearance of the proposed liquidation under

Section 464 Taxes Act 1970 (anti-avoidance legislation against transactions in securities).

It would probably be beneficial for the shareholders to be paid a reasonably commercial salary prior to liquidation but this must depend on their respective marginal rates of tax.

The chairman would have no legal entitlement to share in the distributions in liquidation—however, depending upon his terms of service he may have a claim against the company for compensation for loss of office.

## Close company apportionment

After paying tax on income received from a family trust, I received a demand for surtax, and on my asking for an explanation was told that the income had been apportioned under Section 78 of the Finance Act, 1965, and that the sum was due under para. 13 (3), Schedule 18 of the Act. I have ignored this demand.

Will the Revenue eventually take proceedings against me? As I reside in the Isle of Man where would any proceedings be taken?

Where the income of a close company is apportioned to the members, the notice of charge is sent in the first instance to the member concerned. If the member does not within 28 days elect to pay the tax, then the notice of charge is served on the company, which thereupon becomes liable to pay the tax. If the member has elected to pay the tax and fails to discharge it within 28 days, then the company again becomes liable for the tax.

In your particular circumstances the Inland Revenue are unlikely to be taking proceedings against you for recovery. If they did proceed against you they could obtain judgment, if need be with substituted service, and then attach any assets you have in the U.K. to satisfy their claim.

The law is directed at people who seek to practice surtax avoidance by accumulating the income of companies, rather than distributing such income as a dividend or other distribution in the normal manner. When a shortfall assessment is made and the income is subsequently distributed by the company as a dividend, the Revenue do not assess the subsequent distribution.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible. No charge is made for this service except in relation to investment matters.

Crunch up  
the crisps  
and check  
out.

Rome, as the classical scholars amongst you are doubtless aware, was not constructed in twenty-four hours.

Similarly, it may be some little time before KlosterPrinz—that deliciously crisp, slightly dry Moselle, that Prince of Piesporters, that perfect complement to any meal—is available in every fine restaurant in the land.

What can you do to help? Simply his. Walk into any restaurant, ask to see the wine-list before you look at the menu, and if there's no sign of KlosterPrinz, summon up the sort of resonance employed by Sir Laurence Olivier in the address before Agincourt and say: "What's this? No KlosterPrinz? Has everybody gone mad?"

Then, while minds are bogging all around you, crunch up the crisps and check out. Now, some of you may well regard this as an odd way or the British to behave.

But that really depends on whether you believe in the end justifying the means. A point on which KlosterPrinz connoisseurs would be quick to give assurance: it's well worth fighting for.

**KlosterPrinz**  
PRINCE OF PIESPORTERS

Coleman & Company, Norwich and London. Shippers of fine wines since 1887.

## Management ideas from abroad

These summaries are condensed from Top Management Abstracts and Accounting + Data Processing Abstracts. Readers wishing to consult original texts should write to the individual magazines or to Anhor Management Services, P.O. Box 23, Wembley HA9 8DJ, telex 935779.

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WORKER PARTICIPATION IN MANAGEMENT  
B.



The Prime Minister's decision to allow Conservative MPs to vote free votes close to the Common Market debate next week has had at least one of the effects which he doubtless calculated—it has thrown the Labour Party into greater confusion than ever. The Parliamentary Labour Party is split on the substantive issue of Market entry in roughly the proportions indicated by yesterday's 158-89 vote in favour of the Shadow Cabinet's recommendation that the Party should oppose entry on the terms negotiated. But there is no doubt that if Mr. Heath had not acted on Monday as he did, a considerable proportion of the minority—perhaps a half of them—would have succumbed to pressures and appeals for Party unity and voted against the Government when the division was finally called.

Now, however, as a result of the announcement from the Conservative side, as many as 111 members of the Parliamentary Labour Party have defied the recommendation of the Chief Whip and the example of Mr. Wilson himself and threatened that Labour, too, should be allowed its freedom on October 28. This minority was a mere 29 fewer than the majority in favour of sticking to the original plan for a three-line whip. The short meaning of this arithmetic is that one-third of Labour MPs are to some extent dissatisfied with joining the other 28 in what may be added another 20 who feel that Mr. Wilson and his anti-Market colleagues have carried their opposition to dangerous lengths.

**THE United Nations debate on China,** which began this week, will probably be one of the most important in the history of UN debates on this potential subject. It is also almost impossible to guess its outcome. There is no doubt, of course, that a majority of U.N. members now want to see the People's Republic seated in the General Assembly and the Security Council: this was demonstrated last year when the so-called Albanian motion, calling for the admission of the Peking Government and the expulsion of the Chinese Nationalist delegation, for the first time obtained a narrow majority. But the Albanian motion was prevented from taking effect last year by an American tactical motion invoking the procedural rules of the UN Charter. This year, however, may happen again this year, though Washington will be using a different tactic.

The leverage which the U.S. can still bring to bear on some of the smaller UN members is great enough for it to have a reasonable chance of success in this campaign. If the U.S. succeeds there will be little hope for the rival Albanian motion which is highly unlikely to receive anything approaching a two-thirds majority. But Washington's success at the UN will not on any reckoning extend actually to seating both claimants to the Chinese seat in the General Assembly. The reason for this is that the People's Republic will simply refuse to accept its seat so long as the Nationalists remain. China's opposition to dual representation at the UN has been repeatedly and emphatically expressed—most recently in response to Washington's proposals for a "two-China" situation at this year's debate. The U.S. can only hope that this opposition is

The issue of Chinese representation at the UN was an "important question" requiring a two-thirds majority for a decision. This year, while for the first time publicly accepting the admission of Peking, the U.S. is seeking to retain a seat for Taiwan by suggesting that any move to expel the Nationalists should be treated as an "important question."

The fate of the American strategy—and indeed the outcome of the entire debate—seems likely to depend on timing; for it is fairly obvious that if the UN decides to vote first on the Albanian motion proposing the expulsion of Taiwan the motion will be passed and the issue will be closed without more ado in favour of the People's Republic. In order to prevent such a thing happening Washington is bending all its energies to secure priority for its "important question" motion on the grounds that the motion is "procedural and therefore automatically enjoys precedence over any substantive" proposal. Other "substantive" proposals are of vital importance to Washington.

Rather than allow such a thing to happen President Nixon has chosen to pursue a patently unviable policy at the UN—and he is pursuing it with all the vigour which the U.S. has traditionally devoted to keeping China out of the world organisation. But both the President and his advisers must be aware that in the long run there is no alternative to the admission of China, and very little chance of saving anything for Taiwan. What is an assumption that is unlikely that the U.S. would ever have embarked on its campaign for closer relations with China.

**BY JOHN ELLIOTT, Labour Editor**

**A** YEAR ago the country was in the throes of a long strike by sewage and other local council workers and was about to be hit by industrial action from the miners and electricity supply workers. All three of these disputes stemmed from the new Government's determination to tackle the problem of spiralling inflation by clamping down on wage settlements in the public sector at the start of a period of progressive de-escalation.

At the time, settlements were broadly running within a 12 to 15 per cent. range in the public sector, with the private sector rising to 20 per cent. or more.

Now, a year later, as the annual wage round gets under way again the country is faced with the threat of a possible miners' strike, but the atmosphere of militancy over wages—especially in the public sector—which was evident some 12 months ago appears to have calmed down considerably and there is some optimism in Government that its de-escalation policy can be continued during the coming months with less industrial unrest.

Is attributed to reductions in overtime working.

However, there can be no doubt that some of the reduction in earnings increases—from 6.6 per cent. in the final six months of last year to 4 per cent. in the first half of this year—is due to a slower pace of inflation. But any firm verdict will have to await the return of higher levels of overtime working so that a more accurate comparison can be made.

The public sector round traditionally starts with the Government's industrial workers. Two years ago these workers in dockyards and other Government establishments started the boom in wage rises which heralded the end of the Labour Government's various incomes policies with increases averaging 8½ per cent. Last year they got away with 15 to 17 per cent. just before the Government started operating its new strategy. This year they have given considerable management to Government Ministers by settling for an average 8½ per cent. with the minimum of fuss.

The order of claimants in the queue varies from year to year. This time it is the miners who will provide the second significant

By the end of the last wages round this summer the Government had successfully reduced the "going rate" for public sector wage settlements to about 8 to 10 per cent, with private sector deals ranging higher but including, according to the CBI, many under 10 per cent.

Around mid-summer Government Ministers began to become concerned that it might be extremely difficult to reduce this figure any further because the cost of living was rising at around 10 per cent, and it seemed quite likely that union leaders would refuse to settle for anything significantly lower than this figure.

per cent, they have rejected 7 per cent. While the National Union of Mineworkers goes ahead with preliminary plans for an overtime ban from November 1 and for a ballot on whether miners will give the union's national executive authority to call strike action if it is thought necessary, a major confrontation seems somewhat unlikely. However this is not to say that there might not be strikes in some areas.

## No signs of militancy

However there have now been one or two settlements below the 8 to 10 percent band which seem to indicate a target "going rate" of 6 to 7 percent. It may be a little lower, depending on coming months, even though yesterday's farm-workers' offer may have been a little higher than the Government would have preferred. If this could be achieved, and if company negotiators in the private sector followed the Government's lead, Ministers would be able to claim some considerable success for their wages strategy, at least as far as peace-making settlements are concerned.

But the reduction in key settlements over the past year has not been reflected as much as might have been expected in earnings figures. These have gone down from an annual rate of around 14 per cent. to under 10 per cent., but some of this

But leaders of the NUM, in common with those in other unions, are well aware that the Government intends to stand firm on its wages strategy, and that this makes the chances of industrial action achieving higher pay offers somewhat remote. It seems quite possible that there is a little more money in the National Coal Board's kitty but that it will not be offered until the Board is confident that it would lead to an immediate settlement.

The next key group of public sector employees, the local government manual workers, expect to receive the first reply to their claims soon. Like the miners, they have been involved in industrial action over their pay negotiations twice in the past two years, but this time have not yet shown any advance signs of militancy. Any deal agreed for these 770,000 workers is normally followed almost

## Ranker meets ranker at Cunard

When Trafalgar House took over Cunard in August, Mr. Victor Matthews, managing director of Trafalgar and the new chairman and chief executive of Cunard, said, "eventually I will find the right man, and I will fade out." The right man turns out to be Mr. Norman Thompson, 50, who himself only joined Cunard in early 1970, as managing director of the cargo side. Since then, he has been busy reorganising this part of Cunard, taking a fresh look at the shipping line's employment of seafarers, its future investment plans. This may have been the less glamorous side of the passenger liners like the QE2 came under someone else—but with 170 other ships under him, Thompson has contributed a major chunk of the income. He now becomes managing director of the whole of Cunard.

leaving for Cunard. Having qualified as an accountant, Thompson has moved jobs fairly often—Paton Baldwin, Westgarth, David Brown, then Hewan Hunter and Cunard. Thompson has the reputation of being a good commercial operator, and his promotion inside Cunard has been rumoured for some weeks. That Matthews will retain the strategic "think-tank" function for Cunard, is shown by the departure from the Cunard Board, in the same

If motor manufacturers are going to run strip shows, they should learn to do them properly. The one staged at the Earl's Court Motor Show yesterday by TVR Engineering, whose other activity is making sports cars in Blackpool, was dreadful. It started late, and finished early. In the brief space between, I was struck into (as they say in horse racing) by several photographers working with all the ardour of men who know their efforts won't be pub-

exactly by 250,000 hospital wage claims. Similar exercises auxiliary staff both sides have been conducted for the have just submitted similar Ford and for negotiations. The claim is for a £2 a week basic pay increase together with other benefits amounting to a 13 per cent. basic demand. This is one of the more realistic claims being submitted by the unions at the time (the miner's 35 to 47 per cent. and agricultural

	CLAIM
21,000 Fleet Street printers .....	Varied
200,000 Government industrial workers .....	Substantial
10,000 London dockers .....	30% package
13,500 atomic energy workers .....	Substantial
4,500 BBC manual .....	10 to 12½
280,000 miners .....	35 to 47%
32,000 bakers .....	£2.50 to £3 a week
350,000 agricultural workers .....	21%
250,000 hospital ancillary staff .....	12% on rates plus 10% bonus and "threshold"
770,000 local government manual .....	12% on rates plus 10% bonus and "threshold"
120,000 electricity supply manual .....	Substantial
47,000 dockers (nationally) .....	An increase on £2 "fallback" guarantee
400,000 engineering clerical .....	£2.70 a week
165,000 clearing bank staff .....	8% or more envisaged
100,000 knitwear workers .....	£3 a week
100,000 furniture workers .....	£3.20 a week
200,000 busmen .....	15% (by introduction of pay)
60,000 airline workers .....	Substantial
5,000 Chrysler Linwood employees .....	£8 a week
2.5m. engineering manual .....	40% package
80,000 shipbuilding manual .....	40% package
300,000 railwaymen .....	Substantial
800,000 building workers .....	70% package
50,000 seamen .....	Substantial
40,000 Merchant Navy officers .....	55% package
400,000 teachers .....	Substantial expected—around 14%

less militant of the two and their negotiations are more directly influenced by the Government because a Department of Health representative sits with the management negotiators' 21 per cent. are clearly unrealistic) and if this 12 per cent. was all that was involved, it would seem to be a not too difficult matter to negotiate a settlement.

But the claim also includes two other contentious demands. First, for the third year in succession, the unions are demanding 10 per cent. "lieu bonuses" to be paid as a form of penalty by councils which have not introduced productivity bonus schemes. Secondly the unions want a "threshold" of 10 per cent. future rises in the cost of living.

It seems likely that this claim

It seems likely, however, that this offer of a 7% bonus will be offered in the region of 7 per cent, and that the bonus and threshold clause demands will not be met. The bonus demand stems from a 1967 report of the Prices and Incomes Board which recommended that companies implementing productivity schemes and said that they should be introduced over a

period of five years. Since this five-year period does not expire till next year, it seems likely that the employers will once again refuse the 10 per cent increase. But discussions also being submitted by other unions—including the building workers—and the local council are unlikely to want to admit what for them would be the unusual role of trail blazer.

penalty bonus. But discussions might then start during the coming months on a form of "lead-in bonus" of the type already being paid to those electricity and water supply and

Following this will be more claims in the public sector where attention switches to the private sector—some motor industry categories including Chrysler and a 32-week claim and the massive £700m national claim of the engineering workers. But first the building unions will continue to impress on their employers that they should have an interim rise before their current deal expires next June and that then their basic pay should be raised from £20 to £21 a week with the cost being met by elimination of ad hoc extra awarded on building sites.

9% accepted	Accepted	Together with a reduction in the working week from 44 1/2 hours and other fringe benefits, this claim amounts to about 70 per cent. if it is not offset. However, to-day the building unions will be told that there can be no interim rise. Later negotiations for a new deal next June seem unlikely to lead to a reduction in the working week while the basket will certainly not be raised to anywhere near £30.
7% rejected	Rejected	
£1.75 to £2 a week rejected	Rejected	
8.1 to 9.5%	Accepted	
0% "lien" clause	No offer yet	
0% "lien" clause	No offer yet	
0% "lien" clause	No offer yet	
0% weekly	No offer yet	

One of the Government's main targets during the coming months must be to establish that high rises, irrespective of the size of claims, are a thing of the past; this they must do before the engineering negotiations reach their climax—probably next Spring.

No offer yet  
 No offer yet  
 No offer yet  
 possibly No offer yet

---

atomic energy workers who  
 agree to co-operate in productivity  
 schemes.  
 The "threshold" clause idea

is in line with general proposals put forward by the TUC and now being considered by the National Economic Development Council in its review of the country's medium-term economic future. The Government would probably, therefore, not want the local council employers to be appearing to pre-judge the outcome of a decision by an outside body. It should be noted, in the light of the demand, which envisages future increases of 20p a week for every 1 per cent the cost of living rises above an annual rate of 3 per cent, monitored monthly.


The fact of the matter is, however, that the Government has any intention of changing its wages strategy, although optimistic observers of the NEDC talks hope that these might produce some new agreed initiative between Government, industry and the unions next year.

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# THE MOTOR INDUSTRY

A Financial Times Survey to coincide with to-day's opening of the Motor Show at Earls Court, London. The Show continues until October 30.

## New confidence evident among major firms

By JAMES ENSOR, Motor Industry Correspondent

The motor industry leaders and foreign rivals soared in the will be facing to-day's Motor Show market, Mr. Batt's claim in a happier frame of mind than for many years past. True there are no new models of any consequence from the British industry—though several Cortina will be showing the first time—but the car with the Escort moving back into third place. Mr. Batt's optimism is fully reflected in the industry's relations record, notably at Lucas and Triumph. Many of the commercial vehicle plants and some of the component factories are still working short time, but the major car plants are all working at close to capacity.

William Batt, Ford's managing director, expressed what most of the car industry executives think in a letter to Ford dealers last week. He said: "We are going into this motor show with a great deal of confidence in the future." Ford production in September reached 47,500 vehicles, the highest rate for over a year as the company strove to rebuild its stock position which has remained low ever since the spring strike. Ford took almost 53,000 orders, worth £55m. at retail prices, from its British dealers.

That, as Mr. Batt proudly explained, was more than twice as high as the Ford sales in any month of this year. It shows that Ford dealers are optimistic that next spring will be a period of boom and they are preparing to build up their stocks over the winter to meet it.

Since Ford's market share in August was down again to 15 per cent., as sales of its British

Mr. Paradise sees a period of sustained and ready growth in the British market at about the rate of 5 to 10 per cent. per year. Mr. Batt reports that Ford's forecasters expect the market to reach 1.32m. cars next year and that it will exceed its 1964 peak of 1.2m. during the current year.

They disagree, naturally enough, about which cars will lead the market. Mr. Paradise is confident enough to predict that British Leyland will continue to retain the 40 per cent. market share which it has held throughout 1971 against a resurgent Ford and rising imports. He even expects the Marina and the 1100/1300 to double up as the two most popular cars in the market with the Cortina pushed into third or even fourth place.

Time will show soon enough who is right, but both company's most optimistic assumptions may be dashed by the steadily rising trend of imports. In August, the importers sold 31,000 cars despite the fact that the Volkswagen Beetle—which is easily the best-selling import—and several Fiat and Renault models were in short supply.

Some people had thought that the importers had been scoring this summer off the problems of Ford's and to a lesser extent Leyland's inability to supply enough of the right cars to their dealers. But by August, Leyland at least had a clear supply of most of the popular Austin Morris models and Vauxhall and Chrysler were in a position to take advantage of the shortage of Ford's.

Nobody can now seriously maintain that people only buy a foreign car because their favourite British model has too long a waiting list. Renault Fiat unable to meet demand. Most experts think that imports will eventually capture at least a third of the market in each of the Common Market car-producing countries. The only limitation on their growth is that their dealer networks are invariably less extensive than those of domestic manufacturers and hence their service, particularly in rural areas, is generally poorer than the local makes.

level has recently risen above 25 per cent., while in Italy it soared to 30 per cent. with Fiat unable to meet demand.

This is particularly true in Britain, which was not attacked by the major Continental manufacturers in any serious way until they had established strong organisations in the Common Market countries. Only Volkswagen has a network which in some areas can match the smaller British manufacturers—though Opel and Simca have been able to take advantage of the established networks built up by Vauxhall and Hillman.

Apart from the luxury imports like Mercedes, BMW and Alfa Romeo, most foreign cars are now sold at a price which takes no account of import duty. The largest importers, Renault, Fiat, Volkswagen, Simca and Opel, appreciate that to sell cars in Britain in any quantity they must match the prices set by the British market leaders. Largely, they have done this, though in recent months the prices of German cars have been forced upwards by successive currency re-alignments at a more rapid rate than the British makes.

There is, therefore, no price



The Rover 3500S, a manual version of the popular Rover V8, is the most striking new car at the Motor Show which is practically devoid of really new British models.

disincentive and only a vague standard fleet models, leaving the field clear for the Mini and imports.

Exports to the Common Market are not rising as well. British Leyland will register a 25 per cent. increase, this year, but in the important French market this will merely take it back to its 1968 level. Ford has pulled its British company out of France and Italy, the two best export markets, and switched the supply to its Belgian and German plants. For similar reasons of corporate policy, neither Vauxhall nor Chrysler have made much impact on the Six—though their European sister companies are selling strongly in Britain.

Britain's Common Market entry may persuade Ford, GM, and Chrysler to sell British cars in the major Continental markets in quantity. If it does, they should soon counterbalance the growing car imports—and incidentally the balance of payments effect of growing car exports would easily outweigh the costs of the common agricultural policy. But their decision will also hang on the labour situation in Britain.

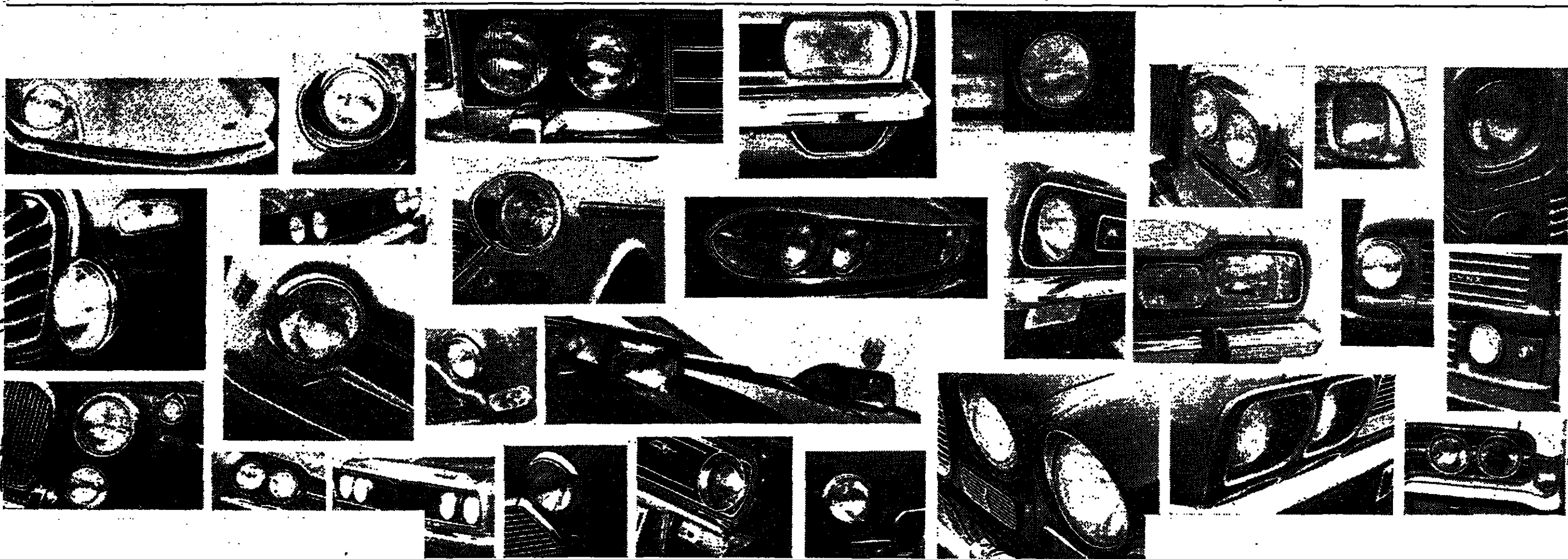
### Bound to score

The imports also score in the £1,200 to £2,000 bracket where a number of high performance models such as the Fiat 125S, Renault 16TS, Audi and BMW 1600 have as yet no British equivalents. Another strong area is the over £2,500 market where Mercedes and BMW have exploited the gap between Jaguar and Jensen.

Obviously no manufacturer can supply every type of car.

The German industry has just as many serious gaps—so that imports are bound to score. Importers such as Volvo and Renault (with the 12) and Volkswagen (with the 1600 Fastback) are beginning to make substantial inroads into the strongholds of the British industry, selling directly against the Rover or Cortina.

Unfortunately British car in Britain.



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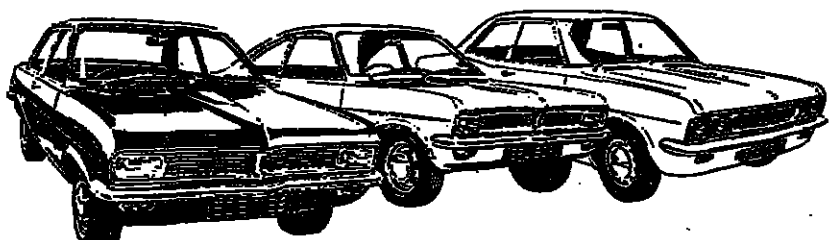
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## THE MOTOR INDUSTRY II

Difficult year for  
big European firms

By JAMES ENSOR

Throughout Europe, economic growth has been slowing which is affecting every car producer during 1971. The German economy has slowed down under a tough monetary policy designed to combat inflation pointed out has now been substituted for four years of continuous influence on the neighbouring economies. Only France has continued to show a rapid rate of growth, and even this has been slower than in 1970.

Economic stagnation combined with rapidly rising prices has been the rule in most of the European economies. In Italy and Britain, and intermittently in France, it has been accompanied by industrial disputes which have disrupted production, particularly in the motor industry.

It has been a difficult year, therefore, for all the major European motor manufacturers. In Germany, every manufacturer reported significant reductions in profit as wages rose while output stagnated. In Italy, Fiat was brought down to unpalatably low profitability by the long succession of strikes and disputes which have reduced its output. In Britain, the four volume producers in the car industry have been fighting hard to break even during most of 1971. Austin-Morris and Chrysler U.K. should just be able to complete the year in profit, though it is unlikely that Ford will be able to overcome the losses caused by its disastrous strike.

**Price control**

The French manufacturers have been beset by an additional problem. The French government has applied a strict price control on the domestic market in an effort to combat the inflation following devaluation. This has made it hard for the companies to recover their costs as materials and labour expenses have continued to rise sharply. To some extent they have been able to offset the losses at home with an export drive—Renault and Peugeot have been conspicuously successful in Germany. But profitability has still fallen to a dangerously low level.

Pierre Dreyfus, Renault's president-directeur general,

spoke of this great problem as affecting every car producer to a greater or lesser extent, at the recent Paris Salon. The French industry he designed to combat inflation pointed out has now been substituted for four years of continuous influence on the neighbouring economies. Only France has continued to show a rapid rate of growth, and even this has been slower than in 1970.

Renault is now spending £100m. a year on building new plant and on extending its model range, notably with its attractive new 15 and 17 models. To finance this enormous rate of investment—for a company with an annual turnover of less than £1,000m. it needs to regain its freedom of price increase which the government has withdrawn from it.

Renault has for several years been a marginally profitable company. As a State-owned company there was little incentive to make profits on the scale of the American companies in Europe, and Dreyfus preferred to distribute the profits to workers as bonuses or to use them to finance the penetration of new export markets. But this year a bitter strike in May, which cost Renault the output of 60,000 cars, coupled with the severe price restraint is likely to push Renault into losses.

Volkswagen, which has been one of the most profitable of the European-owned companies thanks to its low production costs and the buoyancy of the German market, has also run into profitability problems. There must be doubts about whether it can earn a substantial profit this year, now that the American import surcharge has reduced the profitability of its huge American business to rock-bottom levels. In Europe, Volkswagen has been under pressure for some years and has been losing market share almost everywhere except in Britain and France. If the German market falters next year, as some expect, Volkswagen may find for the first time since 1966 that it has more production capacity than sales demand.

The situation in Europe now is such that only a few companies which have specialised in the luxury car business or have

a strong truck base are earning the kind of profits that will be needed to sustain the expansion which they must undertake to remain competitive. Peugeot and Mercedes-Benz, which are the largest luxury car producers in France and Germany, are the only two companies which can be said to be earning an adequate return. Volvo, which has been buoyed up by sales of luxury cars and trucks, was earning good profits in 1969, but rapid cost inflation in Sweden has eroded its strong position. BMW has also fallen from a high profits plateau as Mercedes-Benz has responded to its challenge in the luxury six-cylinder car market in Germany.

Among the American plants in Europe, only Opel and Ford's German plants are still earning good profits. Ford has had a remarkable run of success, recovering from a very weak position through introducing the largely British-designed Escort and Capri to its German plants. German Ford has been allocated the Italian and French markets, where the competitively priced Escort and the stylish Capri have been great successes.

**Export surge**

Ford now holds 5 per cent. of the French market and 6 per cent. of the Italian. In each case it is the market leader, and has risen rapidly from a relatively weak position. This export surge with a slight strengthening of its market share in Germany has been sufficient to keep Ford of Germany reasonably profitable.

Opel has also managed to maintain its position in the German market, though it has suffered some severe losses in France by introducing a range of new models at a very rapid rate. The new Opel Ascona saloon and Manta sports coupe which are based on the same engine and components are the best designed cars to emerge from a General Motors European company. They have the compact size and good roadholding which European manufacturers such as Fiat, Renault, Leyland and Vauxhall have espoused but which the American companies had previously ignored. Their

success, in contrast to the relatively poor showing of Ford's latest Cortina which is much more American in size and style, shows that perhaps the American companies do best when they copy European design precepts.

Despite these patches of profitability, the general state of the European car industry is worse than it has been for many years. The Common Market has forced every manufacturer to invade somebody else's home market and the net effect has been to erode the high profit margins which companies used to rely on in their domestic market. Fiat, for instance, can no longer afford to set high price levels in Italy now that cheaper imports have forced it down to a 60 per cent. market share and the importers hold 30 per cent. of the Italian market. Many people must wonder, like Dreyfus, Lord Stokes and Herr Rudolf Leiding, the new chief executive at Volkswagen, where all the money to pay for the new models and new plants they have planned is going to come from.

Clearly some of the weakest European motor manufacturers may have to look for further support from larger companies or even from Governments to ensure their survival in the intensely competitive European market. It would seem to be only a matter of time before Citroën, which is making heavy losses, is fully absorbed into the Fiat organisation. The declining profitability of BMW has again raised rumours in Germany of a future link with Volkswagen—though VW is no longer in such good shape to lend support.

**Most efficient**

The most efficient of the volume producers seem secure and so do the smaller companies—such as BMW or Volvo—which have specialised in the more profitable luxury cars. But the position of small companies which have concentrated on volume cars—and in a European context this means Citroën, Chrysler, Saab, DAF and per- haps even Vauxhall so long as it operates independently of Opel—does not seem so happy.

Seeking its own answer  
to labour problems

By MICHAEL HAND, Labour Correspondent

Much of the pressure in recent years for the type of legislation that has now been introduced under the Industrial Relations Act was a direct result of the motor industry's intractable strike problem.

But even as the last Government was fighting its losing battle with the unions to erect a new framework of law in industry, and as the present Administration was pushing its own Bill through Parliament in the teeth of union and Labour opposition, the motor industry was slowly and often painfully trying to work out its own solutions.

This process will continue, and managements certainly do not expect now the legislation has reached the statute book that it will transform the situation overnight; nor would its architect Mr. Robert Carr claim any such intention for it. In line with his thinking on the subject, most employers welcome the new Act more as a stimulus to voluntary action than as a life-saver for the industry. The industrial relations men are also anxious to see the dust settle on the present bitter controversy over the Act and are unlikely to take any precipitate action to hinder the healing process.

Many of them would probably agree with Mr. Pat Lowry, British Leyland's industrial relations director, who recently warned companies against falling into the trap of believing that the Act would do the job of reforming labour relations for them, and said any that had frequent recourse to the process of law would find its industrial relations soured rather than improved. His own company has launched a big training programme for managers about the Act, its implications for BLMC and what it will be able to do, and, equally important, not do.

Meanwhile, there are signs that the industry's own voluntary peace-keeping efforts are beginning to pay off; perhaps

with the present general economic climate also having an effect. Apart from the traumatic Ford strike earlier this year, and some other special problems largely outside the control of the manufacturing firms, there seems to be grounds for optimism about the future.

Despite some stubborn problems at present, British Leyland has seen a drop recently in the amount of time lost through strikes. It is also continuing to loosen the hold of what it now regards as the inflationary and troublesome piecework system in its factories, with encouraging results so far. There is still some stiff, but by no means universal, opposition to be surmounted; but many union members undoubtedly welcome the security offered by the changeover to a high fixed-rate system of pay (giving many a basic wage of more than £2,000 a year) and improved lay-off provisions.

**Acceptable terms**

Given acceptable terms, stewards in some parts of the Corporation at least now seem ready to accept the new payment system, which has helped to put the strike-prone Austin Morris division back on its feet and which, despite some great hostility from the unions, the company still hopes will do the same for the currently ailing Triumph sector.

So far BLMC has been able to make the transition to a more stable payment system without the kind of disastrous strike which overtook the Ford pay negotiations this year over the unions' now familiar demand for parity across-the-board with the sort of high pay rates that British Leyland is now paying in some areas.

They failed again to get all they wanted, but secured enough at both Ford, and at Vauxhall in a similar agreement, to make the Government fear for the success of its efforts to bring down the level of pay settle-

ments. While Ministers approved the style of these two agreements, which were designed to give both companies a lengthy and sorely needed period of stability, they regarded increases of around 30 per cent. over two years as an expensive way of buying peace. One aspect which particularly worried them was that the three-stage deals perpetuated high pay increases in 1972, by which time the Govern-

ment hopes to see the general level much lower.

In the Ford deal, the unions made a pledge—which both sides are confident will be honoured—not to strike in support of pay demands during the life of the two-year agreement. Union officials are now giving credit to the company for the efforts it is making to help

Continued on next page.

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## THE MOTOR INDUSTRY III

Successful U.S. firms in Europe  
have a common approach

By DAVID SCOTT, European Editor, Automotive Industries

American-owned motor firms in Britain, Ford, Chrysler and General Motors, account for some 40 per cent. of the industry's vehicle production, and about 48 per cent. of new registrations of U.K.-built cars. Among imports, now 20 per cent. of total registrations, one-eighth are from French and German subsidiaries of the parent international companies. Such market penetration by the three giant U.S. corporations, repeated throughout Europe, is the result of successful transplanting and adaptation of American engineering and organisational know-how, plus vast financial resources and the economies of size.

While policies and strategies vary to some degree, the big three have much in common in their approach to overseas operations. All exercise firm financial control over their European subsidiaries and place American citizens in many key posts. But, wisely, they do not impose scaled-down American styling or hard-sell marketing techniques on them, giving local management a pretty free hand in gauging the tastes and susceptibilities of European customers.

When it comes to production costs and profits, particularly in the critical area of engineering designs, U.S. concepts predominate. All the latest cars from these stables have a conventional chassis layout, with a front engine and rear live axle. The only exceptions in current production are models from Chrysler, which entered the field only recently: the Rootes-era Hillman Imp and its derivatives, and Simca's front-drive and rear-engined cars, originating during its Fiat-linked period. Following the American example, British Leyland reverted to orthodoxy in the Morris Marina, which it sees as a bread-and-butter winner because of reduced manufacturing costs, lower warranty claims and ease of servicing.

Where the American companies do differ is in their philosophies of international organisation, though it is difficult to evaluate their relative successes since they appear to be more effective in some countries than in others. Of the three, Ford has by far the tightest European integration, with close co-operation in all spheres between the British and German companies. While there are separate design and engineering centres at Dunton and Merkenich, near Cologne, their activities are co-ordinated and there is a regular interchange of personnel between them.

## Common range

The two companies have virtually a common range of cars, and Dagenham supplies Cologne with a considerable number of components. For example, the German Escort, assembled at Sarlois, has British-built engines, radiator, steering arms, wheel hubs, some electrical items and 150-odd body stampings. Capris sold in the United States, now Ford's main export to North America, are German-made hybrids with British engines and gearboxes. These major contributions to

German Ford's output are not reflected in the British company's production figures, nor in its vehicle-per-employee productivity or export statistics. Because of Cologne's smaller engineering capacity there is little traffic in components in the other direction. Both companies supply engines for the American Pinto, with Britain accounting for the lion's share in a three-to-one ratio.

One jointly operated facility is the new 54m. proving ground on a 799-acre site at Lommel, Belgium, located midway between the British and German engineering centres. This track, the most advanced of its type in Europe, is in regular use to test prototypes of the two companies. Another combined undertaking will be an automatic transmission plant at Bordeaux, to be commissioned in 1973.

## Few gaps

There is an ad hoc division of export markets, as it is not regarded as economic sense to compete with near-identical models. Consequently British cars are not generally sold in Germany and vice versa, since prices would be inflated by import duty, and in any case there are few gaps in each model range that the other could fill. An important compensation for British Ford are indirect exports — the sale of its components to and out of Cologne and its satellite plants.

The activities of Ford's 14 manufacturing centres in six European countries are co-ordinated by Ford of Europe, created in 1967 at Warley, Essex. Responsible to Detroit, this multinational staff organisation is concerned with long-term planning for the entire European theatre of operations, and gives specialist support to the individual companies in the fields of finance, sales, product development, manufacturing and personnel.

Chrysler came into Europe in earnest only a few years ago, and so far appears to be adopting the Ford method in running its overseas business, though with some significant differences. The headquarters of Chrysler International were set up in Geneva in 1958, but it was not until the acquisition of majority control of Simca in 1963 and of Rootes and Barreiros in 1967 that the corporation gradually became an active member of the European motor industry. Since then it has established all-European administrative and marketing centres in London, concentrated product planning in Whitley, Coventry, and moved rapidly towards fully integrating its operations in France, Britain and Spain.

The Rootes group was overhauled from top to bottom to give this ailing independent firm world-league status. Capital totalling £60m. was injected into it, principally to modernise the Ryton assembly plant, build a new engine plant at Stoke and expand the Linwood complex. First fruit of this revitalising programme was the Hillman Avenger, a highly successful model which did much to boost



Ford's testing ground at Lommel, Belgium, which is sited midway between the factories of their British and German companies and is used by both to test prototypes.

the sagging fortunes of Chrysler U.K., and to account for its 48 per cent. production increase and 60 per cent. rise in exports in the first eight months of 1971. The Avenger is sold as the Plymouth Cricket in the U.S., where shipments reached a remarkable 40,000 in its first year.

The Chrysler 180 is a prime example of integration. Designed in Britain by the team responsible for the Avenger, it is manufactured by Chrysler France, which handles home and export sales, then imported into this country by the U.K. company to top out its model range. Chrysler believes more strongly than Ford in inter-company competition, and the British division is now bringing in the smaller Simcas as well as the 180 in increasing numbers. British registrations of these French models more than trebled in the past year, and now make up one in every ten imports. There are no comparable sales of Hillmans in France, although the company there manages the export of British-made cars to other European countries through its existing dealer networks.

Also unlike Ford, at least for the present, Chrysler has no jointly manufactured car such as the Escort or Capri. Its British and French models share no common components, and there is no supply of assemblies or parts across the Channel. Such co-operation in the future is not to be ruled out, however.

## Such extremes

General Motors' activities in Europe are governed by its long-standing American policy of complete inter-company independence short of autonomy. In the U.S. self-containment and rivalry are carried to such extremes as Pontiac and Oldsmobile producing individual V-8 engines of identical cubic displacement and performance but differing in design. Here the only co-ordinating links between Vauxhall and Opel are via GM in Detroit and New York.

Each subsidiary has its own research, styling, planning, en-

only supervision comes from Detroit, where the central styling department passes judgment on a full-scale mock-up before a new model enters production.

One exception to this inter-company "apartheid," but in keeping with GM practice in the U.S., is the automatic transmission plant in Strasbourg that opened in 1968. Technically an Opel subsidiary, this £35m. factory has a capacity of 300,000 transmissions a year, which are available to all motor manufacturers as well as to Opel and Vauxhall, who in theory are under no compulsion to use them rather than some rival make should these be a better buy.

Basic economics and not a planned division of markets determine whose cars are sold where. Outside the home territory, each manufacturer exports to a GM subsidiary abroad, and it is entirely the latter's option as to whether specific models would stand up against local competition and be profitable.

Thus, although Vauxhalls are not sold in Germany, GM Ltd. in London (an independent British entity) decided two years ago that Opels would sell in this country. It was proved right, and sales so far this year have climbed to an annual rate of 9,500 cars, over four times the comparable 1970 figure. It is this type of business acumen that has made General Motors the world's largest corporation, despite policies of organisation that superficially appear to foster unwarranted duplication of effort.

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## Labour — (Cont'd)

Continued from previous page

rebuild relationships following the strike — a particularly knotty problem on Merseyside where there continued to be serious disciplinary troubles for a while after the main stoppage ended. Vauxhall counts itself fortunate that it managed to negotiate its new two-year deal with the unions without a strike. This deal, too, had clauses designed to improve productivity, stabilise wage costs and secure uninterrupted production by observance of procedure. This was not an innovation and it is not clear whether a big fall in the time lost through disputes at Vauxhall over the past six months, compared with the same period last year, can be attributed to the new deal.

Chrysler too has had a relatively good year, having negotiated a new set of pay and productivity deals without any major upheaval. Many of its workers are now on a basic wage of more than £2,000 a year, but much of the attention paid to Chrysler by unions in other companies when pursuing parity claims has now been transferred to the new high fixed rates negotiated in parts of British Leyland, such as Cowley. Chrysler, like other companies, has also been improving its lay-off pay provisions and other fringe benefits, and in return

has secured union co-operation in improving efficiency.

But although not directly involved Chrysler has been hit badly by the continuing disruptive one-day-a-week strikes by Coventry toolroom workers, arising from another attempt by employers to rationalise wages in engineering and car firms. In this case they want to get rid of what they see as the inflationary Coventry toolroom agreement, a move which is being bitterly resisted by the engineering union which sees considerable benefits in retaining it.

## Pay settlement

Much of the disturbance in the motor industry in 1970 was caused by a "wages explosion" in the components sector which has been attributed to the Ford pay settlement of that year. This year as a defensive measure the companies involved set up an "early warning" system under which information on what was happening to pay in their part of the industry was collated centrally by the Engineering Employers Federation. It is a measure of the comparative peace which has reigned on this front since that they are now considering abandoning this new system.

The component companies are also very much affected by the continuing failure of the Fed-

eration and the unions to sort out their differences over drawing up a more streamlined procedure for settling labour disputes in engineering.

Despite continuing hopes of a peaceful solution, the stage has been reached in which the unions have now given notice to abandon the present national arrangements and to try to reach agreement on their own terms with individual companies. This directly concerns a large number of component companies but the only one of the big four car manufacturers involved is British Leyland (the others are outside the Federation and have their own procedural arrangements). Because of the vulnerability of its production when there are strikes by small groups, BMC would certainly be anxious — but only within the ambit of the EEF — to make some alternative provisions for continuing the dialogue with the unions in the event of plant negotiations breaking down.

At present the biggest shadow over the federated section of the industry is the undoubtedly tough negotiations which are about to start on the mammoth pay claim recently lodged by the engineering unions — the repercussions of which will be felt far beyond the engineering and car plants.

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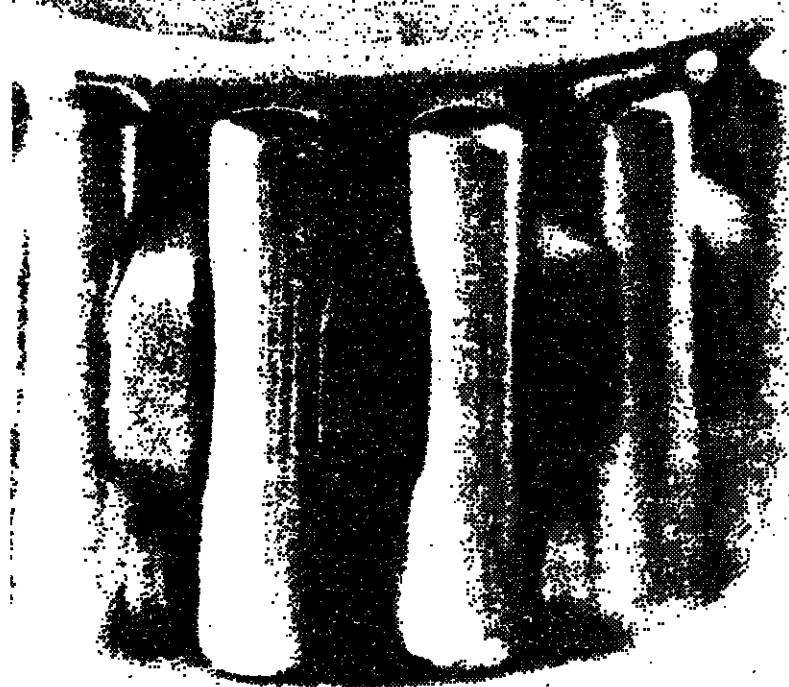
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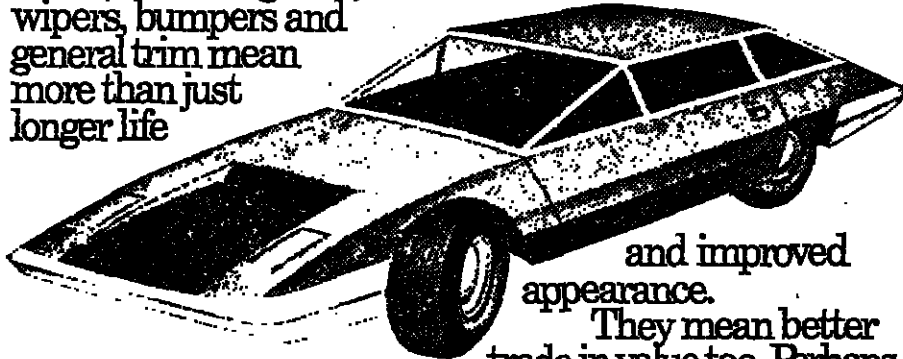
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## THE MOTOR INDUSTRY IV

# British prospects better than many imagine

By JAMES ENSOR

The City still holds reservations about the future of British Leyland—indeed, perhaps about the future of the whole British motor industry. The company's share price has recovered substantially from the very low point which it reached during 1971, but it still stands at less than half the post-merger peak. Many of the investment managers of the large institutions still remain profoundly dubious about the company's prospects, despite the auspicious signs of its high market share, the success of the Marina and the fact that it has made some progress in tackling the labour problems.

There is in short a credibility gap between the hopes and plans of the Leyland management, which are in some cases beginning to be realised, and the views which the City's fund managers hold of the company's performance. This is despite an effective public relations campaign to convey the company's ambitions and achievements to the general public. Since the doubt extends, in some form, to many of the component manufacturers, to Lotus, to the David Brown Corporation, and even to sectors of the motor trade specialising in British cars, it is worth examining its roots.

The City seems to be bothered by three factors, which to some extent it feels applies to every company connected with the British motor industry. First, it is worried by the rise in imports which in some quarters is taken as proof that British car design is not competitive with the Continent. Secondly, it is concerned about the labour relations record of the British motor industry which it feels saps the vitality of the industry, delays its important new models and probably reduces the quality of the product. Thirdly, it feels that the industry has been investing less than its rivals in Europe, who consequently achieve higher productivity, launch more new models and because of their more modern plants are able to achieve higher quality standards.

### Danger stocks

While there is clearly some truth in each of these charges, I feel that they have been overplayed and the fears are largely unjustified. Certainly, the British labour record is poor; companies such as Dunlop, Lucas, British Leyland and GKN have had their potential profits substantially reduced in many of the last several years. Among the component manufacturers this has sometimes led to the loss of foreign business or of a part of the business of one of their domestic customers as he tries to protect himself against strikes. Volvo, for instance, is one of the most important Continental users of parts from British factories, buying almost as much from the U.K. as from Germany. The company now deliberately maintains danger stocks of British parts at a higher level than its German parts—and this obviously affects the cost equation in deciding where to place an order.

British investment in the motor industry has certainly



The MGB and MGB GT remain the basis of British Leyland's export drive of the U.S. Sales have dropped slightly this year but the company should be affected less by the U.S. surcharge and the devaluation of the dollar against other countries than its German and Japanese rivals.

been lower in the past than that set in most Continental countries. The market has been growing so much more slowly that it has not made sense to expand capacity much since 1964. By contrast, the German and Italian industries have shown a strong expansion and have needed to build new plants.

The greater productivity of many of the Continental car producers, when measured against even Ford—the best of the British manufacturers—is quite noticeable. It stems partly from modern plants and partly, particularly in Sweden and Germany, from a more flexible approach to manning and job changing shown by the unions.

The plants which British Leyland inherited from BMC were in sore need of modernisation. For many years BMC had invested too little to keep its methods up to the standards of the best Continental producers—and Leyland now has an enormous backlog to catch up.

Unfortunately it does not at present have the financial resources to match the investment of its major rivals. Renault and Fiat, which are each roughly the size of Leyland in

turnover, both invest at the rate of £100m. a year. British Leyland has doubled the investment rate set by the constituent parts of the company before their merger, but this still amounts to only £80m. a year.

### Lower costs

However, a great deal has been achieved within these limited resources. The Cowley plant, rebuilt for the production of the Marina and Maxi at a cost of £35m., is as modern in its methods—though not as large—as the Fiat plant at Rivalta or Renault's Boulogne-Billancourt. The Marina itself is a car which is simple to produce and whose production costs are markedly lower than any previous, comparable car in the range. Leyland, indeed, has come quite close to Ford—widely regarded as the most effective in Europe—at planning its design for maximum efficiency of assembly and minimum cost.

The Marina alone will not cure Leyland's productivity problem. But it has allowed the company to drop the Minor and Oxford which were built in old-fashioned workshops at huge wastage in labour. The company has closed its Adderley

Park plant, one of its oldest not nearly such a worrying Birmingham sites, and there promises to be a great deal of plant rationalisation over the next five years.

The labour problems at Cowley and at Rover's Solihull plant have largely evaporated since the company persuaded employees in the main production units there to switch from Jaguar, Mini and MG and the abrasive piece-rates system to a form of planned day work. Triumph is currently the worst trouble spot in the British industry, but a confrontation is in progress there, too, which must ultimately lead to a more sensible form of payments.

### Difficult step

Much of the component industry and the Leyland plants at Longbridge and Jaguar in Coventry will also have to take this difficult step one day, but once they do, their labour record should be no worse than in France or Italy. For many of the Italian and French strikes are politically motivated, often influenced by powerful Communist unions.

The question of imports is dealt with in another article so that I will not dwell on it here except to say that it is

phenomenon as most people imagine. I do not think that the British industry lags in design compared with the industry in Germany, France or Italy—though of course there are many market sectors where some foreign car may have a lead over its British rival. The Jaguar, Mini and MG and the Triumph sports cars are still in huge demand in Europe whilst the Escort, Avenger and Marina have in many ways set a new standard for the cheap, simple family car which many Continental producers will be following.

In short, with a steady expansion of demand in sight the outlook for the British industry is a good deal rosier than most people in the City imagine. The commercial vehicle and component industries stand to benefit substantially from the Common Market, for they are the largest and most efficient in Europe. The car manufacturers will undoubtedly have a tough battle on the domestic front but they have some unexploited opportunities in the Six too. So long as the present lull in the labour battles can be maintained the British industry here except to say that it should prosper.

## Pollution control now a necessity

By PETER CARTWRIGHT, Midlands Correspondent

The argument whether car exhausts do, in fact, damage health in this country or in Europe, or indeed anywhere outside the three or four American cities with identifiable problems has become irrelevant. The necessity for every major manufacturer in the world to meet increasingly stringent American anti-contaminant regulations has produced an irreversible trend and a growing stream of legislation elsewhere.

So much so that at least one British car maker has detached a senior executive to monitor and co-ordinate legislation and technical data on a worldwide basis.

The reason for this is not hard to see. It is impossible to confine exports of cars that meet American specifications to America alone. Even though Mexico, for instance, has no similar restrictions, cars imported there will need to conform, since they may be driven into one or other of the American States. Some very large and profitable markets are therefore at stake.

### Good chance

This is no less so for the Americans and concealed behind the increasingly stringent regulations is a highly competitive element. The Americans are not exporters in the sense that the word is used in Europe, and they have seen their home market whittled away by a growing volume of cars from Europe and Japan. To a nation that has put a wheeled vehicle on the moon it must be unthinkable that they cannot meet the regulations set, however difficult they are now saying this is. And if they do, and car manufacturers in the outside world cannot, then it would certainly appear that the Americans stand a very good chance of regaining lost ground.

The impetus already generated by quite massive outlays in 1966, when California's major plant, equipment and staff by all the volume car manufacturers in various parts of the world, and the potential new

technology being generated by new clean engine concept for passenger cars to ultimate success. Ford America has already broken through to this with an Army Jeep "stratified charge" engine and Honda is also reported to be there.

### Principal target

Finally, this is European Conservation Year and not the least of its impacts has been to fasten attention on to ways in which the environment can be cleaned up. Pollution has become a highly emotive word. No matter that domestic chimneys are the biggest cause of air pollution or that cigarette smoking is far more a hazard to health than walking down Oxford Street in the rush hour, vehicle exhaust has become a principal target. And where America has led others will follow, if more slowly.

That such a worldwide movement should have developed from the problems of three or four American cities in so short a space of time, especially as most of the hazards are unlikely to be experienced elsewhere, is sufficient commentary on the speed and determination with which restrictive legislation has been pursued.

Basically the movement arose from problems associated with a carbon monoxide among New York skyscrapers, hydrocarbon pollution in Chicago and the formation of nitrogen oxides and hydrocarbons in Los Angeles by photo-chemical action due to peculiar atmospheric conditions, found there. Los Angeles's problem is, incidentally, only found in a few other cities (Tokyo is most commonly cited as the only one).

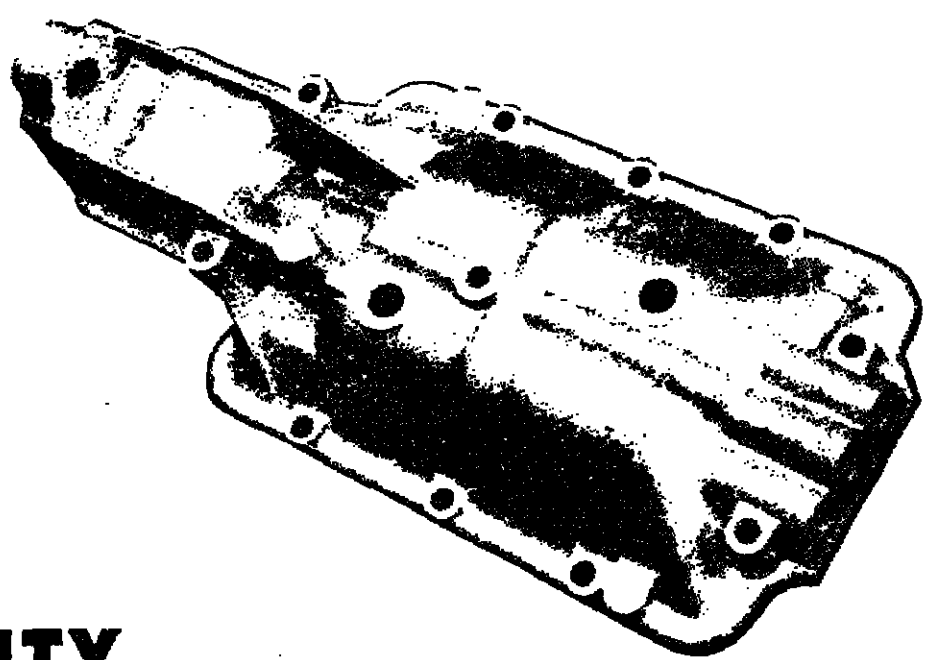
Since the first world symposium on air control at Geneva in 1966, when California's major requirements were spelt out to European manufacturers, research and development to meet increasingly challenging maxima

for pollutant constituents have been on an expanding and costly scale. For example, it cost Jaguar Cars £250,000 to enable the "E" type sports cars (80 per cent. of which go to America) to meet the 1968 American emission and safety regulations. British Leyland, of which Jaguar Cars is a part, has centralised its work at a £250,000 air-conditioned facility with such advanced and sophisticated equipment as infra-red gas analysers, simulated driving cycles representative of city driving patterns in America.

Such equipment is duplicated at every major manufacturer as well as at the Motor Industry Research Association which serves the whole industry. In addition, detailed work is being undertaken in co-operation with manufacturers by carburettor, fuel injection and other companies. Some of them have not previously been associated with the motor industry, but can see

Continued on next page

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## THE MOTOR INDUSTRY V

# Boom in foreign car sales

by IAN WEBB, Editor Motor Report

Even if the present booming conditions fall to last, 1971 is still certain to go down as a year of the motor industry. Over the past 12 months foreign cars have taken a share of the market that has been unprecedented and, largely, unexpected. The imports also started as a steady increase last year but it was a development that received relatively little notice during the winter it gathered pace and by January, 1971, it was up to nearly 16 per cent of the market (in units sold, though not turnover), against 12 per cent in 1970. The situation continued to improve—of the 12 per cent, 10 per cent of the total, if viewed from the domestic manufacturers' angle as the year progressed. By February the hitherto unheard figure of 20 per cent was being nudged and two months later imports actually achieved for the first time.

## Gap left

One early reaction was to attribute the foreign cars' success to the prolonged strike at Ford, which left a gap on a showroom floor that other manufacturers were in no position to fill. Undoubtedly, the Ford stoppage did help, yet it is to a great extent for the imports continued to hold—indeed enlarge—their share of the market when the strike ended. Ford cars started to become available again (although their fortunes are still in short supply). In August, the last month for which the Society of Motor Manufacturers and Exporters has detailed figures at present, the foreign entries surpassed even better, relatively, than the British ones. They took a record 31.97 per cent market share. And the indications are that they did just as well in September. The rise of the imports really merited less surprise than it has. Elsewhere in Europe a picture is already a familiar one and it could only have been a matter of time before Britain followed the general trend, the benefit of a wide range of

Manufacturers in West Germany, France and Italy have been accustomed since the late 1960's to seeing imports account for one sale in five on their own doorsteps. As long ago as 1968 the percentage in Germany shot up from 17 to nearly 23, while in France the respective figures were 15 and 21 and in Italy imports enlarged their market portion from 16 to 19.7 per cent. By 1970 the figure in Italy had moved up to 28 per cent, and in Germany to close to 24 per cent. Only in France had domestic products regained a little ground, forcing the interlopers down to a 20 per cent share.

So the success of foreign car sales in Britain over the last year is unremarkable when seen from the other side of the Channel.

Least surprised of all are Fiat, Renault and Volkswagen, the three main architects of the boom. Between them they account for well over half of all foreign cars sold here.

Fiat and Renault are operated as subsidiaries of their parent organisations while Volkswagen differs in that the U.K. franchise is held by a member-company of the Thomas Tilling group. But, unlike some of the smaller importers, VW in Britain is closely overseen and guided by the parent firm. Its business style mirrors the marketing-orientated efficiency of Wolfsburg.

All three concerns—Fiat, Renault and VW—have followed fairly similar paths to their present pinnacle of success. Over the last decade extensive dealer networks have been constructed—and modified, often with almost ruthless despatch—in the light of experience. The "big three" have largely been able to pick and choose their outlets. In many cases dealers have been glad to exchange British car franchises (particularly in districts where local duplication results from mud-died marketing and badge engineering) for a foreign one. Where the products that the dealers have to sell are commensurate with the reaping of time before Britain followed the general trend, the benefit of a wide range of

models with something to cater for most tastes from mini-cars to sports coupés and now, with the 130, luxurious and costly high-performance saloons.

Renault has moved up from its old single-model policy with the Dauphine to offering British motorists saloons and estates in the small-to-medium range, plus the new 15 and 17 semi-sporting fastbacks that are due here next spring.

## No new models

Only Volkswagen has suffered from having too narrow a range and even "suffered" is a relative term, for the sales of the Beetle and to a lesser extent the 1600 and 411 have still been excellent. But with no new models in sight Volkswagen is having to fall back increasingly on its reputation for reliability and mechanical longevity as a marketing platform. This autumn's campaign to publicise the "computer diagnosis" service at VW dealers will be a major prop for that platform.

Given the right outlets and suitable products the leading importers have had still to cross the final barrier of the average British car owner's aversion to anything other than the familiar local products. Though there is some way to go even yet, particularly among older motorists, competent advertising and public relations techniques have broken down much of the apathy. Few drivers still fear that spare parts or service might be hard to find and equally few cling on to the belief that foreign products are automatically inferior to British ones. Most of the old canards have been shot down now.

The importers' greatest success has been with younger owners—and with the more discerning ones of all ages. Increasingly, such motorists have realised that their particular requirements are best suited by a Renault 4 or Fiat's 125S (neither of which have direct U.K. counterparts) rather than among the contracting range of cars offered by the four major companies here.



Volkswagens for the British market being unloaded at Ramsgate, Kent.

And finally, buyers are persuaded by the highly competitive prices of the imports. The market leaders have been prepared to shave profit margins, first to gain and then to reinforce their hold in Britain. Like exporters elsewhere they have looked to their (often booming) home markets to provide the profits that financed export projects. Now their speculation is paying off, the more so because inflation has been forcing up British-made car prices at an even higher rate than foreign-made ones.

While the Italian-French-German trio has led the attack on Britain the smaller Continental marques have contributed too, although a large proportion of their success can be attributed to the increased level of acceptance for imported cars as a whole won by the big three.

Certainly they have benefited just as much from the upsurge in demand. The biggest individual success story this year has been Chrysler France, up from a negligible 1 per cent of the total market at the beginning of the year to nearly 2.5 per cent this autumn and looking a likely third contender for the continuing struggle between Renault and Fiat for second place among import sales behind Volkswagen.

In August French-built Chrysler cars, notably the Simca 1100/1204 and the big 1300, accounted for 3,401 unit sales, against 1,970 in the preceding month. If this rate of improvement could be continued Chrysler would over-haul both Fiat and Renault next year. The French cars have gained an enormous advantage from immediate access to the Chrysler U.K. dealer network which hitherto had only the Avenger, Arrow and Imp series to sell.

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placed to fight this challenge from within their own ranks if they could only get more cars from the factories.

All too clearly, British manufacturers have been the prime losers to the imports. But not all the overseas makes have done so much better. Volvo is one that has been hampered by a limited model range and has actually been ousted from its accustomed fourth spot among import sales down to fifth, only just ahead of the now combined Auto Union Audi/NSU and Opel, the latter with 1971 sales over 50 per cent above 1970's and gaining from a decision to offer franchises to Vauxhall dealers: Opel and Vauxhall are of course cousins under General Motors so that now 28 of its 120 odd outlets in Britain are Vauxhall agents.

Behind these big sellers come other more specialised firms and they too have had their success stories. BMW for example is typical of second-division manufacturers that have located a niche in the market and exploited it successfully. Compared with the beginning of the year, BMW has doubled its sales, although this meant that by the end of the summer it was still accounting for only one in 300 of all cars sold in Britain. None the less, the BMW range is restricted to a selection of high-performance saloons and coupes the cheapest of which costs £1,626 and the dearest £5,118. And level-pegging with BMW for unit sales is Peugeot of France. The factory has taken in over the concession for itself and in a first year avowedly spent mainly on extending and improving the dealer network here.

## More attractive

For Japan as a whole, however, the era of pilot operations in Europe is over and some at least have decided that the water here is warm enough to warrant diving in. The increasing financial and legislative restrictions on the once bountiful U.S. market must make Europe seem more attractive still.

For the mainland European manufacturers themselves there is obviously still more to be had from the British market. With penetration now at 25 per cent, and forecastably still climbing, the once optimistic-seeming forecasts of an eventual 25 per cent are being revised upwards in some quarters. And although British membership of the Common Market would probably mean only slow dismantling of import duty (now at 13 per cent), and in any case coming down to 11 per cent in January) the future looks rosier than ever for the 40 foreign makes available here.

has none the less managed to push up sales by some 75 per cent since the spring. Peugeot's own research indicates that it could sell 14,000 cars a year here by 1974, aided by an increasingly wide spread of models.

Outside Europe only Toyota exports an appreciable number of cars to Britain. Its position has steadily improved during the year to a point where it has a 0.41 per cent market share. Nissan Datsun is expected to do at least as well once it firmly establishes a base here. Honda is still held back by the absence of suitable cars.

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# Pollution control—(Cont'd)

Continued from previous page

worthwhile future sales for specialised, and probably necessary products. Thus one company, better known as a billion-dollar dealer, is developing a platinum-coated ceramic catalytic converter component.

At this moment everyone is working hard to try to meet the extremely stringent 1975-78 model year American regulations in order to gain the vital licence from the U.S. Environmental Protection Agency.

This involves a long testing procedure extending over probably nine months to do the qualifying 50,000 miles, and at least a previous similar period by the manufacturers to make reasonably sure of success. And this in turn must of course be preceded by the development of new systems and modified engines. Time therefore is at a premium.

Some of the problems posed seem almost insuperable. For instance, when carbon monoxide is reduced by more conventional methods the nitrogen oxides go up, and in the future control will almost certainly require some form of expensive catalytic converter or exhaust thermal reactor. Again, the elimination of lead in petrol to reduce pollutants creates enormous difficulties for engine designers. Lead is not only the simplest and most effective method of raising the octane level of petrol but it also promotes even burning of the fuel among the combustion chambers. Moreover it also lubricates the valve stems and seats and its absence has been found to create severe valve recession, destroying the seal in under 2,000 miles. "Cut lead out of fuel and all the world's engines would stop" was how one expert put it.

If low octane leadless fuels become a requirement it will entail drastic alterations to oil refining programmes, and even then this may introduce other pollutants on a bigger scale because of the higher aromatic content of leadless petrols. Low octane fuels would also mean less efficient, bigger engines to provide currently accepted motoring standards. (General Motors already has an 8-litre engine on the stocks).

Exhaust system

To avoid all this will almost certainly entail incorporating expensive special catalytic (or non-catalytic) converters into the exhaust system as well as new means of preventing valve recession, which becomes essential by the 1973 model year.

Nitrogen oxides are formed in the combustion space where the temperature is very high

especially in high compression engines. To control them means reducing the temperature, and again, going back to lower compression, less efficient engines that burn more fuel. To control effectively the emission of most of the pollutants by 1975-76 will probably necessitate a separate device in which to burn remaining contaminants in addition to an air injection system (now unfitted) which requires a blower that can easily take up to 5 hp to operate.

For all connected with the motor industry except, perhaps the legislators, the next two or three years present formidable problems the solutions to which would seem to mean bigger, less efficient engines with higher fuel consumption, increased costs and higher maintenance liabilities.

Fortunately in Europe and in almost every other export market the problems of exhaust

emission are never likely to become so acute as they are in certain American cities, so that the regulations may never need to match them. They are being, and will be, tightened at it is hoped, a European standardised pace through the Economic Commission for Europe, a part of the United Nations, rather than by independent action by each country which would unnecessarily complicate production problems for all.

Sensible use

The cost effectiveness of the development of a completely clean engine vehicle has been studied by the U.K. Government in relation to the less acute vehicle pollution problem in Europe. "The Protection of the Environment" White Paper concludes that "the development of a completely pollution free car might not be the most sensible use of resources."

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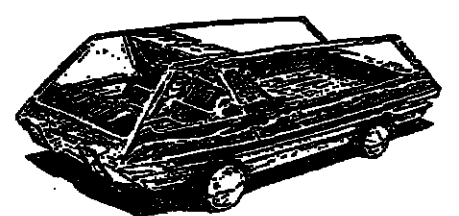


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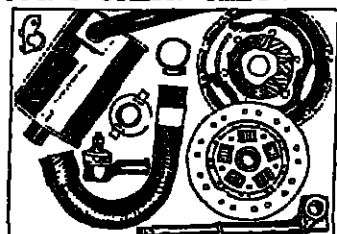
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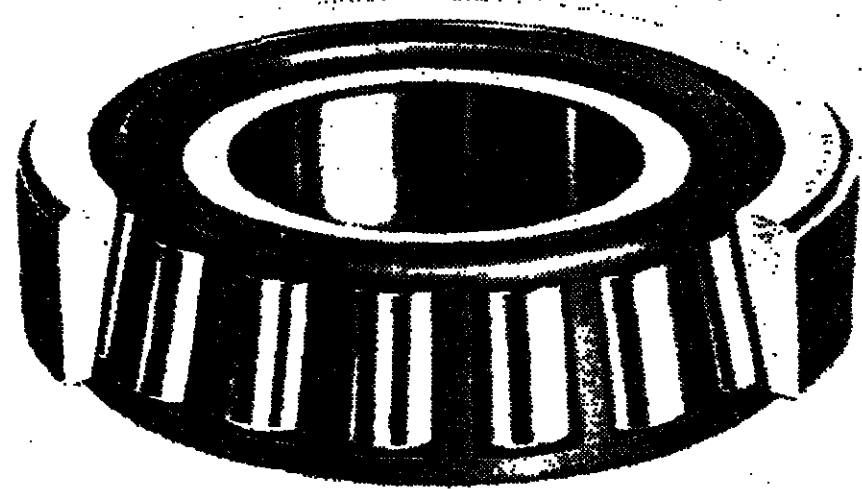
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BEARINGS FOR THE  
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## THE MOTOR INDUSTRY VI

# Radial tyres are taking over

By STUART HAYES

The radial ply tyre is pushing the crossply out of the European motoring scene at an ever-increasing pace.

In France, where Michelin made the first steel-belted "X" radial tyre as long ago as 1948, the crossply is almost dead. Both Michelin and Kleber-Colombes, who between them have more than 50 per cent of the market, have stopped producing crossply tyres altogether. In Italy, where Pirelli marketed the first all-textile radial early in the 1950s, all new cars are fitted with radial ply tyres and the crossply has a shrinking hold on the replacement market only.

Britain has not made such fast progress, but radial production has risen significantly in the last year. According to the latest returns from the tyre division of the British Rubber Manufacturers Association, 3.3m. of the 7.1m. car tyres made in the first six months of this year for the original equipment and replacement markets were radials. This compares with 10.6m. of the 25.4m. in the whole of 1970. By the end of 1972 it is clear that radial ply tyres will account for well over 50 per cent. of production if present trends are maintained.

Indeed, in the first six months of this year almost 90 per cent. of the British-made tyres supplied to the home replacement market were of radial construction. This is, however, also a reflection of the substantial penetration achieved in the home replacement market by crossply tyres made in Europe. There is a glut of crossply tyres in Europe, and certain manufacturers—especially some in Eastern Europe—are exporting tyres to Britain to sell at prices our own manufacturers cannot match.

Why is the radial displacing the crossply? Broadly, because it separates the functions of sidewall and tread so that both can work with greater efficiency, whereas in the crossply tyre, the same cords reinforce both sidewall and tread. As the crossply tyre's sidewall flexes, the

tread distorts. But the radial tyre's tread is braced by a hidden, inextensible belt so that it stays flat on the road when the sidewall reacts to bumps, cornering and braking forces.

The radial tyre's main disadvantage is its harsher low speed ride, caused by the belt reacting to bumps on the road surface. Careful design of the car's suspension can almost eliminate this tendency, and at higher speeds the radial has always offered superior ride qualities. For some years now manufacturers both in Britain and on the Continent have built into their cars a degree of suspension compliance. This allows the wheels to move backwards fractionally as they react to bumps, thus absorbing the radial tyre's vibrations.

### Death knell

So successful have they been that cars like the Jaguar XJ6 (Dunlop SP Sport tyres as exclusive original equipment) and the Peugeot 504 (mainly Michelin and Kleber-Colombes) offer a better low speed ride on their radial than the Rolls-Royce Silver Shadow on crossplies. At last Rolls-Royce are falling into line, and going over to radials as original equipment on the Silver Shadow. The faster Corniche model has had them since its launch last spring. This sounds the death knell of

the high speed crossply tyre, once used on cars like the Aston Martin and Bristol, for example. In this field, the radial has taken over entirely.

The so-called ultra low profile crossply tyre (in fact, a medium low profile) introduced in the late 1960s by Avon has enjoyed spectacular success in the specialised field of Formula Ford racing. As a result, Avon are promoting it as an alternative to the radial for performance minded, yet comfort loving, motorists. It is an excellent tyre, with a depressed crown which takes up the proper flat shape when inflated. Due to its lower profile, it puts more rubber on the road than a conventional crossply tyre, and its breakaway characteristics when pressed to the limit are more progressive than a radial's.

In cost per mile, however, the radial will always win. Although it costs around 25 per cent. more than an equivalent crossply tyre, it will last at least 50 per cent. longer if made with a textile belt and up to 100 per cent. longer if steel belted.

Michelin have never made their radial tyres with anything other than a steel belt and gradually their competitors are tending to follow their example, although at present textile radials outnumber the steel belted variety. New types of car are demanding such high standards of tyre performance.

both in terms of steering response, cornering stability and tread wear, that only steel-belted radials will do. Even Pirelli, pioneers and arch-exponents of the all-textile radial, have had to produce several sizes of steel belted tyre for the front wheel drive Fiat 127 and 128, and the all-independent, suspended prestige car from Fiat, the 130.

Only a general shortage of steel tyre cord is restricting the growth in popularity of the metallic belted radial. Michelin and Goodyear are building new steel cord production plants of their own. Pirelli, Dunlop and Continental (Germany's largest tyre maker) are jointly setting up their own steel cord facility in the Saar.

### Steel belted

In Britain, steel belted car radials are being marketed by Michelin, Avon and Uniroyal, and Uniroyal also manufacture the Esso steel belted radial. European producers of steel car radials include Gislaved in Sweden, and Metzeler and Continental (Germany). Semperit (Austria) have gone further still and are producing commercial quantities of an all-steel (as distinct from textile casing and steel belt) car radial tyre.

Dunlop have been making experimental quantities of a steel belted radial using ultra-fine wire thin enough to allow it to be built on the same machinery as all-textile tyres. This is a most promising area of development. It seems certain that, by the end of the decade, many high performance cars will be running on all-steel radial tyres of ultra-low profile, perhaps only 60 per cent. as high as they are wide.

Currently, the 70 per cent. profile tyre is the flattest in fibre belts. Though better than their general use, and even this is unbelleted crossply tyres, their mated that only 10 per cent. confined to higher performance cars like the XJ6, BMW 3-litre with that of a radial. An cars actually get caught.

The Michelin XAS radial tyre for speeds of up to 130 mph.

and Morris Marina 1.8TC. But far more cars will be seen on 70 profile tyres by this time next year.

Very large quantities of European, including British, radial ply tyres are being exported to the U.S., where the industry is still mainly geared to producing crossply types. In recent years, in a bid to get some of the benefits of radials without having to invest in costly new machinery, the U.S. tyre industry has been making bias-belted tyres. These are bias (that is, crossply) casings with a circumferential belt. In the tyre safety laws is helping main they have been made with polyester casings and glass attention to the condition a profile tyre is the flattest in fibre belts. Though better than their general use, and even this is unbelleted crossply tyres, their mated that only 10 per cent. confined to higher performance cars like the XJ6, BMW 3-litre with that of a radial. An cars actually get caught.

There are also signs that the propaganda in Britain about tyre safety is beginning to pay off. The motorist is more generally aware of the vital part a tyre plays in handling and therefore safety of his car. Tougher enforcement by the police of the tyre safety laws is helping persuade drivers to pay more attention to the condition of their tyres. Even so, it is estimated that only 10 per cent. of those with illegal tyres on their cars actually get caught.

## Exports of components

By JACK HAY

Estimates generally put the number of bits and pieces in a car at over 20,000. The Morris Minor was once stripped, and counting all the nuts and bolts there were said to be over 24,000 parts.

The components and accessories industries—and it is often difficult to differentiate where the division lies, for is a windscreen washer a component or an accessory?—last year accounted for 40 per cent. of the vehicle industry's total export earnings for Britain, which amounted to £447m. This was in direct exports, either to foreign manufacturers or as spare parts. In the same period car exports totalled £328m., commercial vehicles £180m. and tractors £113m.

And in each of those, of course, there was the output of the component industry as in direct exports. Components and accessories imported into Britain totalled £108m. and cars brought in were worth £85m., some of which, it must be remembered, however, were carrying British parts. Volvo, for instance, takes some £20m. worth of British component parts each year, and Volkswagen are expected to build up from over £7m. last year to some £10m. this year.

A major area of development is in electronics which is being used increasingly in cars for making them go more quickly and more smoothly, with better acceleration by electronic petrol injection systems and stopping them by electronically controlled wheel slide protection systems.

Developed in the Midlands, this latter system claims to be unmatched by any other anti-skid system yet published. It is applicable to all four wheels, either individually or in pairs, and to different systems.

It is maintained that even under adverse conditions there is no wheel-locking or skidding, no loss of stability, or loss of steering control, with significantly shorter stopping distances in wet or icy conditions.

### Wheel speed

Control of the system is effected electronically. Sensors generate a frequency of pulses, in relation to wheel speed, which are converted to a DC signal again related to wheel speed. If the signal exceeds a threshold value of around 1.3g wheel deceleration (indicating imminent wheel skid) a solenoid in the control valve is energised where appropriate, bringing systems pressure relief where needed.

The electronic control loop, taking account of overbraking and varying road surfaces, is capable of revising the braking level at least 10 times per second, if necessary.

Brake systems is the field in which there is most research activity at the moment. The materials used in making the conventional systems are being steadily improved, and component designs evolving. The trend towards the use of dual hydraulic system has continued,

but there are many designers who feel that it is moving forward too slowly, and should be obligatory. The cost, they claim, would not be too much.

Efforts are being made increasingly to improve brake balance by the use of valves to modulate the hydraulic pressure reaching the rear wheels during braking. These are relatively cheap and give improved maximum braking on surfaces of all kinds up to the point of wheel locking.

While many companies are experimenting with anti-locking devices of a wide range of types, it will take time to show which are the most practicable and the most reliable. The field is expected to thin, and it is also expected that it will be the most expensive cars which will, as usual, benefit first. But anti-lock systems could become compulsory in the years ahead.

### Alarm given

Could we have vehicle condition monitoring systems? One is already in existence, capable of monitoring eight systems in a vehicle continuously and giving an alarm legend should a danger develop in this the brake system, brake fluid level, oil pressure, bulb failure, oil level, radiator coolant level, brake pad wear and screenwash level are the orders of safety priority.

A major area of research and development in the petrol injection field has been that of control, giving not only better performance but to move towards cleaner exhaust emissions. The present approach of the major British firm in this field has the objective of meeting the fuelling requirements of an engine exactly, so achieving the lowest possible pollution emissions under steady running and transient conditions. At the same time there would be benefits of increased power and reduced fuel consumption.

Initial investigation has been made on a 2.5-litre engine. In the current state of development, so far as the particular engine on which the work has been carried out is concerned, the 1974 U.S. Federal and Californian regulations on exhaust emissions can be met. And it is also expected that the more stringent regulations scheduled for 1975 will also be met, partly as a result of the development of the petrol injection systems and partly by other developments in the engine and exhaust systems.

Much of the development work of engine and other component manufacturers is aimed at meeting the increasing world-wide regulations on pollution—both from smoke and noise—as well as on safety.

Continental component and vehicle manufacturers are making similar experiments, and so, too, are commercial vehicle component manufacturers.

Here there is becoming a more acute awareness towards the factor that noise is as much an

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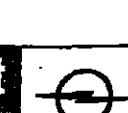
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*Spill in 1970*

## THE MOTOR INDUSTRY VII

# More emphasis on safety

GORDON WILKINS

All major motor manufacturers now have engineers while the brakes themselves are the sole duty is to keep track may be so inefficient that two of the ever-changing regulations. successive steps from high speed safety and pollution emanate mainly from the U.S. They are not likely to be required on front wheels because this would allow the driver to change lanes and take avoiding action while braking.

**Sitting tight**  
American thinking seems to be in favour of sitting tight and having the accident in a kind of armoured car. From 1973 bumpers must be able to take 5 m.p.h. impacts without damage to any part affecting safety. They will add anything up to 80 lbs to the weight of new cars and millions of dollars to their cost. Steering columns must be collapsible but the steering gear may require anything up to six turns from lock to lock, making it impossible for the driver to correct a skid. Stagnation in design induced by low speed limits has produced American cars with poor brakes, lamentable roadholding, sloppy steering and low grade tyres. Radial ply tyres have to be imported from Europe. British manufacturers exporting cars to North America have to delete safety items of proved value like headlamp flashers and repeater turn indicators on the front wings. European cars, designed for limit-free highways are generally superior to American cars in braking; steering and road holding and have infinitely better tyres, but this avails them nothing under the passive approach to safety adopted in the U.S. Worse still, we have to endure attacks on the British Government for not instantly adopting American regulations regardless of whether we need or can afford them. Mr. Nader says safety could be paid for by cutting down on styling changes, but his prime target now is Volkswagen who do not make styling being written into the specifications for the ESVs (Experimental Safety Vehicles) which European and Japanese manu-

facturers are developing in costly and complicated cars beyond the means of many Western motorists at a time when Ford, VW and others are developing schemes to bring motorizing within reach of millions in the developing countries by producing minimum cars of the simplest possible kind. During the next two or three years some clear thinking will have to be done as a result of the ESV programme. While it may be feasible to make 30 m.p.h. impacts survivable, the proportion of impacts taking place at 50 m.p.h. is so small and the cost and complication of making them survivable is so high that this may not prove to be a realistic objective. The engineers working on these projects are impressed by the practical and realistic approach shown by Mr. Douglas Toms, the American administrator. They recognise that safety will not be secured by making new cars so heavy and so costly that people will be forced to go on patching up their old ones. The pressure groups have done a service by creating a climate of public opinion in which safety is a major issue. The need now is for clear thinking on practical targets.

**Realistic basis**  
European collaboration seems to be running smoothly but Sweden is earning a reputation as a Maverick which leads to cynical suggestions that by making it uneconomic for foreign manufacturers to meet their regulations they could eventually reserve their home market for Swedish cars. However, in view of the negative approach so far apparent in American safety regulations it is refreshing to find a more enlightened view of road safety being written into the specifications for the ESVs (Experimental Safety Vehicles) which European and Japanese manu-

facturers are developing in costly and complicated cars beyond the means of many Western motorists at a time when Ford, VW and others are developing schemes to bring motorizing within reach of millions in the developing countries by producing minimum cars of the simplest possible kind. During the next two or three years some clear thinking will have to be done as a result of the ESV programme. While it may be feasible to make 30 m.p.h. impacts survivable, the proportion of impacts taking place at 50 m.p.h. is so small and the cost and complication of making them survivable is so high that this may not prove to be a realistic objective. The engineers working on these projects are impressed by the practical and realistic approach shown by Mr. Douglas Toms, the American administrator. They recognise that safety will not be secured by making new cars so heavy and so costly that people will be forced to go on patching up their old ones. The pressure groups have done a service by creating a climate of public opinion in which safety is a major issue. The need now is for clear thinking on practical targets.



The "roll over" bars fitted to the roof of this Volvo 145 saved the occupants serious injury when the car was crushed beneath an overturned truck.

## Components—(Cont'd)

Continued from previous page  
environmental pollution as smoke. One noise investigation programme has been concentrated on engine structure, with practical modifications to control the vibrations of the engine to external surfaces. This form of noise control does not affect the engine performance in any way and is potentially the cheapest solution in terms of mass production and operation costs.

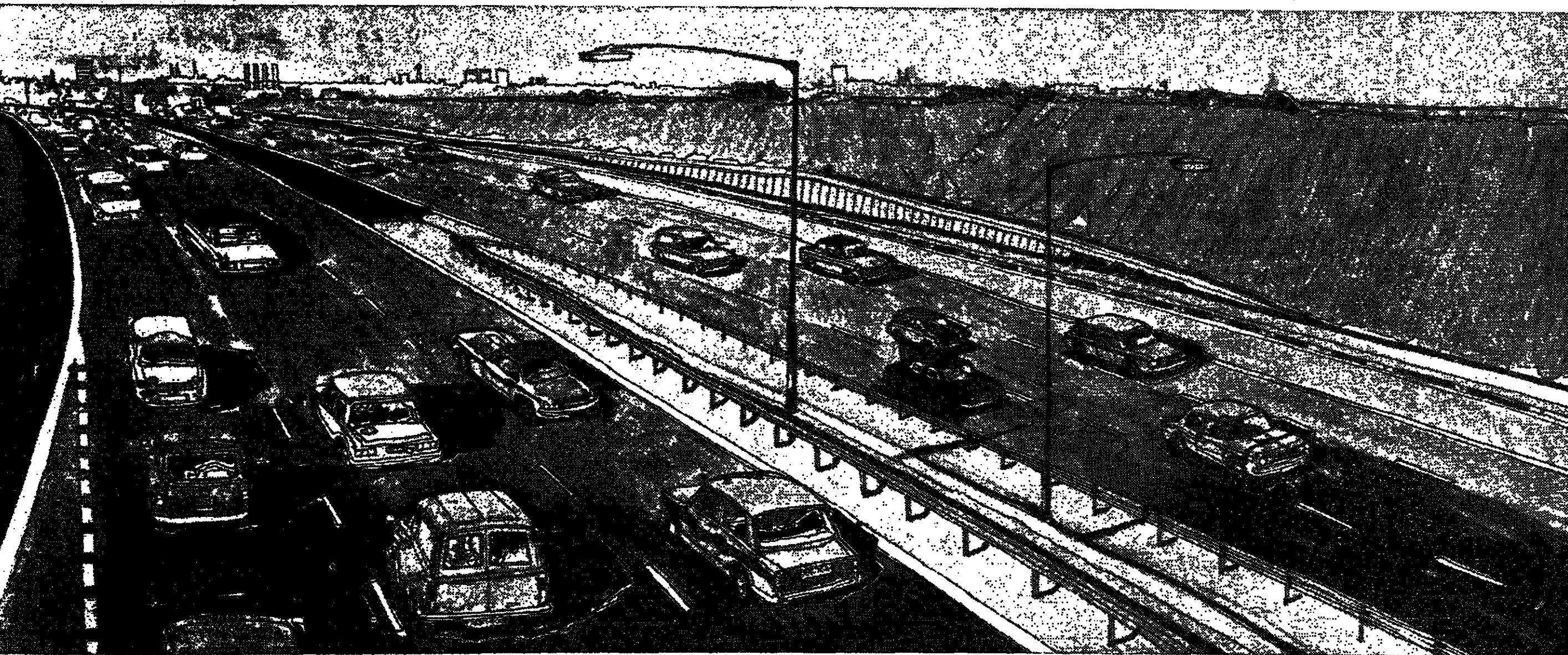
**Modern versions**  
Whether safety harnesses should be considered as components or as accessories is still debatable. But they should be compulsory for small children, who should be in the back seat. Apart from keeping the child safe, modern versions give a better view of the surroundings, and by holding the body firm make for a more pleasant journey.

Lights as initial equipment are largely a matter of the manufacturers' choice, but there can be no doubt about the responsibility of the owner to ensure that the lights are not only adequate but correctly adjusted. The modern development is more illumination, but less glare.

Comfort is on the border line between component and accessory. Textiles have been used for upholstery in the home for generations and now, after research and development, they have been adopted for cars here.

There have been two developments. Light resistant nylon yarns give long life and there has been the introduction of laminating or bonding of textiles. Those for cars consist of upholstery fabrics of a warp knitted nylon face fabric fused to a layer of high performance polyester foam, to which is fused a knitted cotton backing fabric. Two major car manufacturers are using this form of upholstery.

British component manufacturers already have outlets in the Common Market, and while European component manufacturers claim that they will do well in Britain should this country join the EEC there are no great forecasts of rapid rises in sales. The component industry is already an international one.



# Duport Foundries & Engineering Division put a lot of drive into the motor industry

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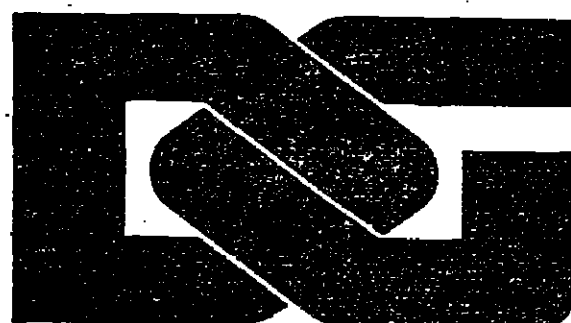
**Intalok Limited,**  
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**Bridgtown Industries Limited,**  
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**Creative Developments Limited,**  
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**Portways Limited,**  
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Industrial, commercial and street lighting.



DUPORT GROUP



# THE MOTOR INDUSTRY VIII

## Recession hits truck makers

By TONY WILDING, Chief Engineer, Freight Transport Association

With Britain now likely to join the Common Market, the big question in the mind of those involved in commercial vehicles is "how will British trucks fare on general European sales?" They will be facing very stiff opposition. And it is difficult to forecast at this stage of the game that U.K. makers will make much more headway than they have up to now.

Bedfords have sold reasonably well in some parts of Europe, mainly in Belgium and Holland and Ford do not have a bad record. But this is helped largely through these companies having extensive manufacturing facilities in the Common Market. And most of their trucks have been medium weights. What about the traditional heavy makers?

### Taken over

Leyland and A.E.C. for many years made most of their efforts in Belgium and Holland and with some success which has continued with the merging of the two companies in what has now become BLMC. Assembly facilities for trucks were set up in Belgium and marketing of all BLMC products including trucks was taken over by the European organisation based in Geneva. But these changes do not appear to have boosted truck sales to any extent. Indeed, at recent Shows BLMC truck stands have indicated a lessening of drive as compared with the time when sales were handled from Britain. As an example, the last Brussels Show saw quite a large BLMC truck display but few Corporation personnel and less visitors showing lack of interest from both sides.

As for the independent U.K. makers, Seddon has a link with a big Belgian distributor and sells a few abroad, although the agent appears more keen in its usual share of the market from sales of German M.A.N. and Austrian Steyr. Atkinson made an attempt to sell in Belgium but has not done particularly well and Fodens have exported mainly specialised models such as crane carriers. But the biggest hope in this sector

comes from E.R.F.—in Belgium again—who are now making real efforts by designing a model specially for the general European market.

E.R.F. appears to have the right attitude and the problem of selling trucks in Europe really resolves itself to just this at least in the groundwork to any sales effort in new markets.

After E.R.F. featured its special European model at Brussels last year the Sandbach firm invited a leading Belgian truck journalist to try out the chassis. There was praise for it in the report and for E.R.F.'s initiative. But most of the article was used to slate the rest of the British industry. The author claimed that British makers were generally insular in their attitudes to European journalists, being unwilling to have them visit their factories and so on. It is hard to see that such charges are justified but clearly this wrong impression has been created, at least in one person's mind.

Have British efforts at selling in Europe been as strong as they could have been? They have in some markets but in others tariff barriers have made anything more than a token involvement pointless. It is significant that the only real impact of foreign truck makers on the British market has been by the Swedish; the removal of tariffs within EFTA made big investment in dealerships worthwhile.

### Level terms

With the prospect of competing on more level terms within the Common Market U.K. makers are gearing themselves up for greater participation in Europe. BLMC for example has revised the whole of its marketing set up on what looks to be a much more sensible basis. But even if this part of the business is perfect there will still be big hurdles to be met. Two of the biggest will be the need to develop models more in line with what is demanded in Europe and to set up widespread sales and service networks. This will cost a great deal of money and it will

take a long time to develop sales to a level giving an adequate return on the investment.

The current recession does not help as it is now that the money needs to be earned to support an expansion of activity in Europe in the future. Setting up sales networks that will be able to compete effectively with local products and even with other imports needs big money. There is no doubt of the truth in the argument that a strong home market is needed to support exports.

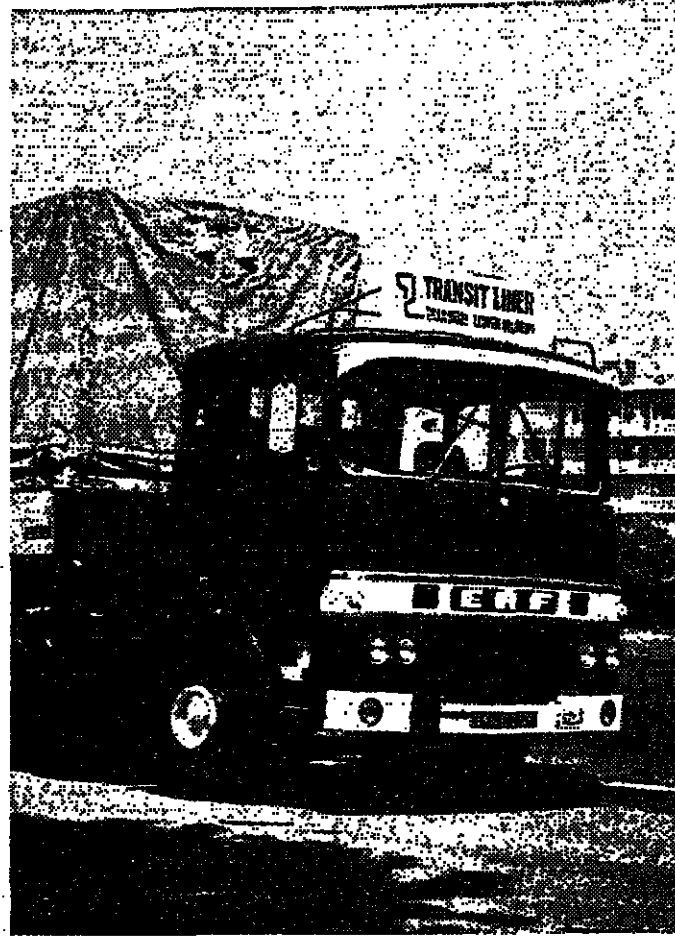
Truck manufacture has been hit more than other industries recently not only due to the recession but also because long-awaited changes in legislation are still outstanding. Announcement of new laws will improve the situation probably just as much as a recovery in the economy. Road transport is involved with every industry and so it is affected by any recession. When the recession is as deep as the present one, transport is affected very much. Many fleets have vehicles laid up and more have put off ordering. Obviously this affects the manufacturing industry. A recovery in the economy must improve the situation all round. A return to what has been the normal level of industrial production will bring extra loads for road transport, a revival in vehicle ordering and, no doubt, the full order books which manufacturers had not all that long ago.

To be happy about its future in Europe, the truck industry needs a reversal of the current recession urgently. The competition will be fierce and the Continental makers have been strengthening their positions steadily over the years. Amalgamations have been the trend—the Mercedes-Benz amalgamation with Henschel and the German-French link between MAN and Saviem are examples. There are strong reasons for across-frontier links like the latter as a ready-made distribution set-up in another area is thus obtained immediately by each company. Fiat has gained considerable strength in France by taking over UNIC and more

recently taking a big share of Citroën. But the Italian giant does not have as much success in Germany as it would like. There were signs of a change a few years ago when Fiat was the main bidder for Krupp vehicle interests but Daimler-Benz stepped in to take over the assets even though the most valuable—a strong distribution network—was not wanted.

This illustrates how the future battle will be fought. Makers in the individual countries of Europe will be doing all they can to maintain their positions in their own markets. The difficulty for any company moving into a new market or making a real impact on one that, in a small way, it is already getting the right kind of distributors. The answer can be amalgamations or links with makers in the country. Manufacturers who decide that they want to make real impact will possibly look in this direction—and hope they can follow the lead set by MAN and Saviem.

An E.R.F. unit designed specially for the European market with an all steel cab pictured recently in Belgium.



## Insurance costs go on rising

By JOHN PHILIP

There are now more than 15m. motor vehicles of all kinds in use on the roads of the U.K.; close on four out of every five are private cars, as contrasted with commercial vehicles of all kinds and motorcycles and scooters, which make up the balance.

For more than 40 years the motor vehicle has held a unique position in our social welfare system: it is the only chattel, public or private, on which the owner has been compelled to buy insurance before taking it out on the road. Of course, motor insurance was widely sold before the first Road Traffic Act became law in 1930, but it is arguable whether in the last 40 years it would have developed into an industry with annual premium income around £300m. without the pressure of legal compulsion.

The British insurance companies write about 80 per cent

of this business—the balance is at Lloyds or with a few foreign-based companies. Over the years Lloyds underwriters have contrived to make a profit on their motor business but we do not yet know how they fared in 1969 and 1970, the years in which the BIA member companies lost some £50m.

### Premiums raised

For the present, the days of unrealistic competition are past; many insurers have raised private car premiums twice in the last 12 months or so, and some three times. By the end of this year on average private car premiums will be up by 85-75 per cent on those charged in early 1970. But even with these massive increases, in the current year the market is certain to incur a loss. Hope is now centred on improvement in 1972.

Last year insurers' motor claims payout was probably in excess of £200m., and about three quarters of this sum was spent in vehicle damage repairs. Both the companies and Lloyd's underwriters have taken the view that savings must be made, if at all, in the repair field, because inflationary tendencies apart, in the personal injury sector the whole trend of legislative change and judicial thought continually makes for more and larger damage awards which insurers cannot hope to control.

The BIA has set up a number of panels comprised of motor managers, underwriters and engineers to establish links with motor manufacturers so as to discuss for example, design and safety, to provide information to members on new models, and research into costings in the motor repair trade and so on.

It is in this latter area that one company has decided to withdraw completely from the motor fleet market. The Research Centre at Thatcham in Berkshire was set up by the BIA in the summer of 1969 and subsequently Lloyd's underwriters decided to give the station practical financial support so that research there is conducted for all British insurers. Insurers reckon that the greater part of their vehicle repair expenditure is for repairs to bodywork; so much of the work at Thatcham has been to establish standard times for particular jobs and to notify these times to insurers, repairers and manufacturers. The Thatcham view is that the repairer/manufacturer should be 85 per cent productive, while most repairers are only 55 per cent to 60 per cent productive, and the manufacturers, on their own assessment 66 per cent to 80 per cent productive. So Thatcham research, if followed through to acceptance by the industry, could achieve substantial savings in labour costs, which have virtually doubled since the mid-1960s. Of slightly longer duration, but so far of doubtful consequence, is BIA's motor repair pricing scheme. Early in 1969 BIA drew up lists in four pilot areas—Bristol, Newcastle, Nottingham and Southampton—of motor repairers prepared to undertake work at agreed hourly rates and asked member companies to endeavour to get repairs carried out by these firms. But in the event no insurer has yet been prepared to take away from the motorist the freedom of choice of repairer he has always been allowed.

Insurers know this freedom is reflected in larger repair bills—each. Modern factory methods demand open planning, and has been made to try to bring this home to the motoring public, who ultimately have to pay the price of freedom in premiums that are charged. Moreover, among motor insurers no one, for competitive reasons, wants to be the first positively to restrict policyholders' freedom.

Just as the private motorist is having to pay substantially more for his insurance, so also is the commercial vehicle user and the middle man in the motor industry, the trader-repairer. Many insurers have been slower to increase "book rates" premiums in the commercial sector, partly because they have been giving most of their time and effort to improving their private car accounts and partly because much commercial business is written on "fleet" terms which do not reflect "book rates." But inflationary effects are felt in the repair bills on lorries and coaches; at last commercial rates are rising, and in recent weeks

### Poor risks

When one turns to the manufacturers, the overall picture of rising insurance costs is the same, but the premium impact is very different. Manufacturers' principal insurance expense must be in buying cover against fire and fire-like perils, and business interruption. In the last few years the motor manufacturing industry has had its share of million-pound fires as well as a number costing more than £100,000 each. Modern factory methods demand open planning, and open plan factories can be poor fire risks unless they are properly sprinklered. All sections of the motor manufacturing industry have had recently to face substantial increases in fire premiums, and must now face considerable pressure from insurers to instal more effective fire prevention devices.

As with the middlemen, even more so with the manufacturers, when we consider the impact of compulsory employers' liability insurance. Those manufacturers who have carried their own risk and handled their own claims, presumably on economic grounds, will now have to go into the market to buy cover and will have to pay insurers for their services. A marginal increase in cost when considered against manufacturers' turnover, but nevertheless one which will add to their overall insurance bill and ultimately have to be taken into account when fixing the prices of next year's range of products and the spares to keep them running.

# What the British press has to say about some of our cars

**New Fiat 127** Tests in Italy have just persuaded me that the initiative in the small-front-wheel-drive-box sector does not lie with British Leyland at this time. In addition to being a fair family car, this 903cc Fiat offers a new quality of ride and handling, space utilisation, solid construction and general verve.

**New Fiat 124 Special T £1176.87** Something which many an owner will be proud to show off under the bonnet, it is a typically enjoyable Fiat sporting engine with its power nearer the top and middle than anywhere else and giving an impression of being almost totally unburstable.

**Fiat 500 £525.62** The main appealing features of the 500 are its handiness for town work, its great economy of around 50/60 mpg, its sun roof which allows one to take full advantage of what little really good weather we have and, finally, the fact that it is the cheapest car on the market.

**Fiat 850 £694.37** A really well finished and well equipped small car. Performance is excellent and so is the gearbox, handling and braking... The engine will run on cheap fuel and the consumption is excellent, 40 mpg being possible with careful driving.

**Fiat 850 Coupé £985.62** Finished far better than most middle grade saloons, small but undeniably pretty, economical yet quick... it is patently obvious why the Fiat 850 Sport Coupe has such a wide appeal.

**Fiat 128 £879.38 (2-door)** It is a car which is among the top performers in its class, with handling and road-holding that appeal to those who enjoy driving. The engine is outstanding... It is as smooth as silk and runs up to 7,000 rpm without distress, giving speeds in the gears far beyond the limits suggested by lines on the speedometer—37 mph in first, 55 in second and anything up to 80 in third.

**Fiat 124 £990.62** A car for Europe: lively, roomy, comfortable seats: leads a hotly competitive group of cars on acceleration and speed.

**Fiat 125 £1243.12** There is sporting appeal in a smooth, lively engine with an almost insatiable appetite for revs, combined with good middle range torque and low speed flexibility: fast, positive changes of well chosen gear ratios; large, clear instruments and excellent brakes.

**Fiat 124 Coupé 1600 £1746.87** It is a car we have always admired not just for its entertainment value, which is very considerable, but also because it is one of the most attractive and well planned of the small, mass produced family sports cars.

See Fiat's exciting contribution to British motoring at the Motor Show, Earls Court  
**STAND 117**

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Fiat (England) Limited, Great West Road, Brentford, Middlesex. Telephone: 01-568 8822



## SOCIETY TO-DAY

BY JOE ROGALY

# The economic consequences of Ralph Nader

R. RALPH NADER is the iron saint of the American middle classes. He formulates the questions, he expresses the fears, he fights the battles. At the present moment their history is the middle class everywhere in the West is so perplexed, anxious, and their own view helpless, that a competent leader with a modicum of charisma should be possible to grasp their attention. Mr. Nader's success in the United States is largely explained by this public state of mind: it is why he himself is unimportant, while the reasons for his ascendancy are all worth studying.

## Doubted

That he is a man of standing, influence in his own country, cannot be doubted. On more than one occasion I have heard nettles in a position to carry out their intentions explain in private how they plan to put him forward for the vice-presidency next year; he has been chosen, by more than one opinion poll, as the man most likely to win the presidency if he ran. So far, he has had the good sense to ignore these, strenuous voices: when asked him this week if he has any plans at all to go into politics next year he replied only "No."

Some of this status has rubbed off in London. The seminar at which he addressed here on Monday was attended by more than a hundred middle and senior executives from many of the largest British companies, including Unilever, British Ley-

land-Shell, Cadbury Schweppes, ICI and Tube Investments. His followers recently criticised the Volkswagen: on Monday the managing director of Volkswagen GB Ltd. was there, with four of his colleagues.

When a previously unheard-of young man achieves this kind of fame within six or seven years, and does so by taking the industrial Establishment with a bravado that many would envy, and then comes over to Britain ostensibly in order to tell us how to follow his precepts here, the natural reaction is to find fault: to probe his weak spots; to establish whether it might perhaps be possible to enjoy the intellectual and indeed patriotic pleasure of "shooting down Nader."

## Premature

But the movement in favour of improving the quality of life in industrial countries has not yet achieved anything like victories enough: cries of alarm are decidedly premature.

Mr. Nader's collection of ideas is best looked at straight on, without previous intention to criticise. It is by all appearances, still just that—a collection of ideas; for to judge by what he was saying on Monday Mr. Nader has developed his philosophy on the run rather than as a result of a number of years spent, say, sitting in the British Museum.

One aspect of these ideas, as I understand them, should be found particularly attractive by free market economists. For Mr. Nader said on Monday that the present Nixon policy of



Ralph Nader in London this week

regulating prices and incomes coupled with an import surcharge, is an admission of failure: the right way to improve the American economy in his view is to increase competition and enforce the anti-trust laws.

This is a long-standing American belief, dear to the hearts of many of the middle classes over

the United States to the adherents of the Institute of Economic Affairs in Britain.)

To ask that companies that put out new products be forced to test them first is not a contradiction of this philosophy; nor is it illiberal to insist (as Mr. Peter Walker has insisted over here) that those who pollute must pay for the damage they cause. What is new is the American consumerist's insistence on approaching the subject from the point of view of the buyer. Boards that believe their responsibility to be primarily towards the shareholders, or even their employees, are now to be told that it is neither, but rather to the customers and the public.

## Gadgets

I well remember the bewilderment that a number of General Motors executives expressed at this proposition when I visited them in Detroit in 1968: they must have been made fully aware of its import by now. The economics of it are not easy to fit into past theories; the morality of it can only be applauded by the middle classes, who are made irritable by the constant discovery that the gadgets, which they own in such profusion, tend to break down and prove difficult and costly to repair.

It might be said that that is all very well for America: things are different here. In many ways this is true. Safety laws have a long history in Britain; we have a Trade Descriptions Act, and "Which?" and the ghost of the Consumer Council.

Our means of putting pressure on companies to improve their products must inevitably be different, for here there are no federal regulatory agencies, or senate committees.

Mr. Nader's information, and therefore presumably his advice, can be grievously wrong—as when he referred on Monday to the polluted air of London, apparently unaware that for the past decade one of the best clean air laws in the world has visibly been clearing up the city's air.

But what is not different is that the ordinary citizen will continue to feel helpless in this country, especially while industrial units continue to grow in size. Freedom to complain effectively is patently not guaranteed by competition in the private sector; and in the public sector, which pervades all our lives for most of the time, the machinery for righting wrongs is totally inadequate.

This was demonstrated again only yesterday, in a 616-page report from the Parliamentary Select Committee on Nationalised Industries. (See page 16.) The report is valuable not only for its conclusions, but for its many columns of evidence, which demonstrate the shocking complacency expressed by some of the managers of some nationalised industries, particularly the Post Office.

Such a report may appear to be evidence contrary to Mr. Nader's assertion that information is even harder to obtain in Britain than in America. Yet the assertion itself remains correct, and it is perhaps the most

telling point he has to make about British industrial society. Civil servants, boards of directors, officials of nationalised industries are all united in the great British faith that, whatever happens, the first rule is to prevent anyone from finding out.

A recent Bow Group paper, "How Open," which examines the Conservatives' promise of more open Government and their failure to deliver it, points out that even parliamentary select committees, some of which do good work, need to be strengthened by the addition of supporting staffs of experts.

## Priority

This kind of approach should be a first priority for those who seek to improve life in Britain. One reason why Mr. Nader has been so effective is that, over in the U.S., there is a presumption in favour of giving information and a remarkable responsiveness on the part of many citizens. People are willing to find out, and to be bothered, and so they can effect changes.

In this country it would in many cases be impossible to acquire the necessary information, even if people were willing to make the effort to do so. The response to any call for changes based upon the revelation of the facts, which is Mr. Nader's method, cannot be guaranteed in Britain as it can in America: when we find out why this is so we will have learned the most important thing his movement has to teach us.

## Labour News

### 16,000 strike over Coventry lock-out

BY PETER CARTWRIGHT, MIDLANDS CORRESPONDENT

COVENTRY, Oct. 19. No industrial action was taken at most of the 50 or so factories involved in the Monday strikes to reinstate a 1941 agreement fixing rates for toolroom workers, fitters and maintenance engineers by giving them the average for skilled production workers earning just over £1 an hour.

A situation that threatened to engulf most of Coventry's 200 engineering factories, which use the toolroom rate as a yardstick in a major conflict was defused last night when the toolroom shop stewards decided to ask the Engineering Employers' Association for talks on an interim across-the-board payment so that negotiations could start in a "free atmosphere." This is a significant change of emphasis, hitherto they have demanded a pattern payment—a continuation of the agreement cancelled by the employers on September 1—as a prerequisite to negotiations.

There will be round-the-table discussions to-morrow. The employers are unlikely to change their attitude that the "inflationary" agreement must be replaced by individual plant negotiations. They have offered an interim increase to facilitate these, but so far the engineering unions have not agreed.

So far the most militant action to the lock-out has been about 40 fitters at Triumph, say they will strike indefinitely.

### Atom men's unions hint at militancy

BY MICHAEL HAND, LABOUR CORRESPONDENT

HON. LEADERS of more than 600 atomic energy industrial workers put strong pressure yesterday on Sir John Hill, chairman of the U.K. Atomic Energy Authority, for an improved pay offer.

They had asked for a meeting in his home after rejecting an offer amounting to 7 per cent, earlier this month. During yesterday's talks they made it clear that they wanted an increase in the amount of money made available for any new agreement. I would not be satisfied with readjustment of the present offer.

Mr. Ken Baker, of the General Municipal Workers' Union, said afterwards that the negotiators had strongly emphasised the inadequacy of the offer, while John Cousins, of the Transport and General Workers, hinted at militant action was on the cards unless there was an improvement when the two sides met again next Wednesday.

Mr. Cousins also said he feared the negotiating procedure as having been exhausted if he rejected any idea of the unions' claim for a substantial increase in basic rates and other improvements being referred to a judicial court.

The unions clearly suspect the Government is bringing pressure on the Authority to stand on the present offer, which is what Ministers pitched at an acceptable level in

### CEGB agrees to European reactor know-how exchange

BY DAVID FISHLOCK, SCIENCE EDITOR

THE Central Electricity Generating Board (CEGB) has agreed in principle to join four other major European electrical utilities in pooling experiences with a new type of nuclear reactor, the high-temperature reactor (HTR).

Agreement was reached at a meeting in Dortmund attended by Sir Stanley Brown, the CEGB chairman, who said afterwards "it could be the start of something big" in European collaboration.

If such a "club" were formed for the HTR, another could quickly follow to share experiences with the fast "breeder" reactor.

Another meeting is to be arranged in December, when a joint company called Euro-HKG may be formed, pooling the high-temperature reactor interests of the CEGB, Electricité de France, ENEL in Italy, and two West German utilities, RWE and VEW. A sixth member of the "club" would be Hochtemperatur-Kernkraftwerk, the company constructing (with West German Government funds) a prototype HTR.

If full agreement is achieved this will be the first formal collaboration between the CEGB and European utilities. In fact, co-operation between customers has been the missing factor from the European nuclear industry scene slowly reorganising itself on a

much stronger commercial basis through collaboration.

The HTR is an excellent system with which to launch a co-operative venture, for it is clear that although a major development effort must still go into the system—British estimates put the sum at £22m—it is likely to find an important place in the 1980s.

Britain, as the main supporter of the OECD Dragon experimental reactor in Dorset, and the West Germans, who have an experimental reactor, at Jülich and last year began to build their 300 MW prototype at Schmehausen near Hamm, are the European nations most experienced with the system.

But Gulf-General Atomic, with the third HTR prototype in the U.S. and with contracts to start building two commercial stations for a U.S. utility in 1974, is now seeking a European partner.

The unusual terms of the Gulf contracts could prove to be the equivalent for the HTR of the "loss leader" contracts of the mid-1960s, starting with Oyster Creek in New Jersey, which marked the commercial breakthrough of the light-water reactor.

The West Germans have shown special interest in the possibility of collaboration between the CEGB and European utilities. In fact, co-operation between customers has been the missing factor from the European nuclear industry scene slowly reorganising itself on a

The German Government concluded a pact with India earlier this month for the exploitation of India's considerable thorium reserves.

### Eagle Star finances Rank plans

THE Rank Organisation has reached agreement in principle whereby Eagle Star Insurance

will subscribe privately at par for £15m. 10 per cent. first mortgage debenture stock 1996. The proceeds will be used to develop properties in the Organisation.

The stock is expected to be issued by a new subsidiary to be formed by Rank and will be secured by first fixed charges on

properties acceptable to Eagle Star. Rank will guarantee the stock.

Unless otherwise agreed, the subsidiary will be obliged to subscribe not more than £5m. nor less than £2m. of the stock in any period of 12 consecutive months and the stock will be full issued by December 31, 1975.

After five years from the first issue, a cumulative sinking fund

will commence to operate at such a rate as to redeem not less than 50 per cent. of the stock by 1996.

## OBITUARY

Mr. Abram Rupert Neelds, managing director of the Cementation Company for 32 years, chairman for eight years, and honorary president of the company since 1961, has died at his Chelsea home, aged 90.

# BCL introduce the Molecular Computer System

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dimensional program expansion. You can select from the entire range of peripherals—input/output terminals; tape and punched card readers and punches; CRT displays; line and serial printers; magnetic stripe ledger card readers and so on. Varying combinations of peripherals give you different computer structures, similar to building a chemical molecular structure—that's why we call it the Molecular Computer System. And it offers you millions of characters of fast on-line storage and print-out speeds.

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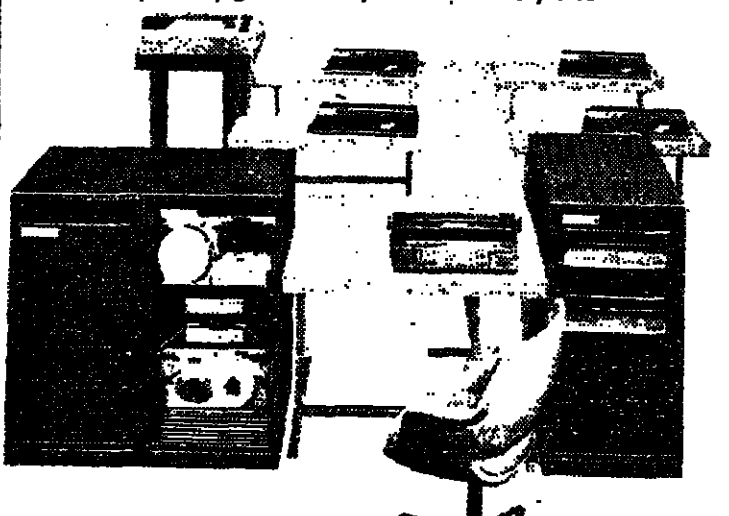
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## Saleroom

### Victorian paintings fetch £73,086

SOTHEBY'S Belgravia yesterday held its first sale at the new sale room at 19, Motcomb Street. The sale, of Victorian paintings, realised £73,086.

Green gave £7,200 for The General Post Office (one minute to six) by George Elgar Hicks, and Leger £3,800 for The Rivers of Life, a set of five panels by Sir Edward Burne-Jones of three paintings by Frederick William Watts A River Landscape went to Green for £3,800. The Mill by a Lock Gate to Miles for £2,500 and A Wooded Summer Landscape to Hudson for £2,100. Two still lifes by Edward Ladell were acquired by McConnell Mason for £2,400 and £2,000 respectively.

The Measure for the Wedding Ring by Michael Henry Halliday went to the Fine Art Society, and Orinda by William Holman Hunt to Hartnoll and Eyre for £1,800 each. The Schoolroom by William Bromley to an anonymous buyer for £1,700 and City Docks by Moomlight by John Atkinson Grimshaw to Rogers for £1,600.

At Sotheby's in Bond Street, a sale of Continental pottery and porcelain realised £11,518. Watson gave £560 for an early 17th century Paduan dish of the Candiana type and Hoff Antiques £540 for a Meissen yellow-ground spice stand. A 36-piece Meissen and Berlin composite tea, chocolate and coffee service went to Silverman for £410. Elbe and a 32-piece Meissen part dinner service to Langoloh, each sold for £500.

In Sotheby's book room, the E. Capper, 1760.

second session of a three-day sale of printed books, the former property of the late Roger Senhouse, realised £11,202. Lyon paid £580 for two volumes of Stoward's drawings made for the Atlas pocket book and Traylen £320 for William Beckford's copy of Kennedy's Fiftal Fancies, Edinburgh 1827.

A sale of English drawings and water colours, Old Master, English and modern prints at Christie's realised £22,482. A water colour by William Huggins of A Lion and Linnet resting signed and dated 1872 was bought by O. and P. Johnson for 540 gns. Pryor paid 220 gns for Figures on a Bridge near a Cottage, by John Linnell. An Albrecht Dürer print of four naked women sold to Morris for 240 gns.

At Phillips's £15,500 furniture sale, N. Adams paid £800 for a Sheraton period rosewood bow-fronted sideboard. Three Regency nursing chairs went to Brendling for £520, and a transitional style marquetry commode to Nyman for £420.

Top price at Phillips's £3,146 Stevenage sale was £110 paid by Wilson for HMS Majestic. At Bonham's, a silver sale realised £8,190. Pettit paid £950 for a pair of George III candelabra (13½ oz.), late and coffee service went to Silverman for £410. Elbe and a 32-piece Meissen part dinner service to Langoloh, each sold for £500.

In Sotheby's book room, the E. Capper, 1760.

## TV UNION BANS DRAMA LOCATION WORK IN GREECE

Plans to disrupt a new £250,000 BBC television drama series are being made by the Association of Cinematograph and Television Technicians—because part of it will be filmed in Greece.

The union has banned its members from working on location with the 13-part series, called The Lotus Eaters, and starring Ian Hendry. "Three weeks' location work is planned to start in Crete at the end of November. The ACTT has adopted a policy vetting any film work that it involves Greece—except newsreels—until a democratic Government is re-established.

Other labour news Page 33



# COMPANY NEWS+COMMENT

## Securicor profit exceeds £1m. mark

PRE-TAX profit of Securicor, the Associated Hotels subsidiary, topped £1m. for the first time in the year ended October 1, managing director Mr. Keith Erskine announced yesterday.

Unaudited profit was up from £913,000 to £1.1m. and turnover from about £20m. to £25m. of which £3m. was overseas. Ten years ago profit was £30,000 and turnover £500,000.

Mr. Erskine commented that growth had been consistent and organic—almost without benefit of acquisition or capital injection.

No rights issue by the parent companies (Associated Hotels/Kensington Palace Hotel) is on the horizon, he said.

For Security Transport and Paypak Mr. Erskine records that only £123,000 out of about £20,000m. carried in the last year was stolen.

The other services—help-link-line, store detectives, photo-identification, burglar and fire alarms and other security services have "steadily advanced," and overseas turnover and profits rose.

In ten main branches computer terminals are being installed, linked to the data processing centre, and are now functioning at full efficiency. Despite increased turnover, the Board has been able to reduce its staff by half and close two of the bigger London premises.

Mr. Erskine said Kensington Palace Hotel would show a "satisfactory" profit increase when figures were audited. Securicor was becoming more and more the major element in the group and contributing up to 80 per cent. of group profits before tax.

Associated Hotels also should show another substantial profit increase and the hotel businesses looked forward to the future "with confidence."

### comment

The unaudited figures from Securicor may well imply a modest underestimation of the audited outcome rather than a slowdown in the growth rate between the two halves from 23 to 17 per cent. in pre-tax profits. But the expectations about the hotels, Kensington Palace on the one hand where a modest improvement was achieved in the year, and Associated on the other, where the gain is described as substantial, produces an interesting reversal in the potential growth ratings of the two quoted groups.

For growth of say a fifth from Associated's hotels would, with the RPI contribution, lower tax, and some preference gearing, produce an earnings gain of nearly 30 per cent. to 8.8p. The estimate for KPH would be 7.8p so there may be some rearrangement to come between the prices of the two, respectively 30.8p and 25.0p.

INDEX TO COMPANY HIGHLIGHTS					
Company	Page	Col.	Company	Page	Col.
Aberthaw Cement	32	6	Incedon & Lamberts	32	3
Abrasive Intnl.	31	5	Kamunting Tin	30	6
Amal Transport	32	5	Leigh Mills	32	6
Associated Book	30	2	Lilley (F. J. C.)	30	6
British Syphon	32	4	London Investment	32	3
Business Computers	30	3	Marshall's Universal	30	5
Capitol	31	4	Nantyglo & Blaina	31	1
Charles (David)	30	5	Rawlings Bros.	32	3
Globe Investment	32	2	Rediffusion TV	31	1
Gomme Holdings	32	1	Securicor	30	1
Group Lotus	30	4	Titaghur Jute	32	1
Harrison (James)	32	4	Town & City-SGT	31	4
Highland Distilleries	32	4	Trident TV	31	3
Highlands & Lowlands	31	5	Winn (Charles)	30	6

## Assoc. Book looks to second half

CURRENT YEAR trading profit of Associated Book Publishers will depend largely upon the degree of recovery achieved by the Canadian subsidiary, and may not match the outcome of 1970—£879,116—the directors state. But profit attributable to holders is expected to be similar to the £282,786 of 1970, they add.

The second half is likely to be more profitable than that of 1970. Although first-half turnover advanced from £3,846,000 to £4,178,000, trading profit was down from £433,000 to £350,000 reflecting difficult conditions in Canada.

In the U.K. buoyant trading since the postal dispute in February has done much to nullify its harmful effects on profits. Australian first-half profits are slightly lower but it is expected that those for the full year will show an improvement, the directors state.

In Canada, costs have increased as a result of a move to new premises and the opening of a new distribution centre. This, combined with a recession in that country and in the U.S., has resulted in significantly reduced profits.

There is no interim dividend. In 1970 the company paid a 12½ per cent. interim and a similar final; profit for the half-year was £107,000 and for the full year £415,000, excluding associates.

First half Year 1971 1970 1971 1970  
Turnover 4,178 3,846 4,178 3,846  
Trading profit 350 433 350 433  
Depreciation 20 20 20 20  
Interest payable 17 17 17 17  
Pv-acc 263 337 263 337  
Taxation 113 138 113 138  
Minorities 28 28 28 28  
Attributable 123 128 123 128

An unchanged interim dividend of 6 per cent. is declared. The 1970 total was 16 per cent.

comment  
The 22 per cent. drop in first-half pre-tax profits at Associated Book Publishers is mainly the result of a drastic downturn in its Canadian

printing activities which have been hit by the North American recession. This subsidiary normally contributes 25 per cent. of the annual profits. At home an average 10 per cent. rise in marketing, raw material and labour costs pared margins, for although new titles matched these increases, back lists tended to lag behind. As ABP's main publishing fields are education and law, the drain here could have proved serious. Nevertheless, the current half seems encouraging enough with Canada expected to show an improvement, and many more new titles coming out in the autumn than in the first six months. At 400p the shares have risen 55 per cent. from their 1971 low, but the p/e of 11½ on the unchanged earnings forecast for the year still leaves scope for improvement against the Newspapers and Publishing sector's 17.7.

## Business Computers setback

BECAUSE of a severe downturn in U.K. demand Business Computers has had to reduce margins, and this has led to a loss of £263,000 in the six months to June 30, 1971.

There is no interim dividend. In 1970 the company paid a 12½ per cent. interim and a similar final; profit for the half-year was £107,000 and for the full year £415,000, excluding associates.

First half Year 1971 1970 1971 1970  
Turnover 4,178 3,846 4,178 3,846  
Trading profit 350 433 350 433  
Depreciation 20 20 20 20  
Interest payable 17 17 17 17  
Pv-acc 263 337 263 337  
Taxation 113 138 113 138  
Minorities 28 28 28 28  
Attributable 123 128 123 128

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comment  
The 22 per cent. drop in first-half pre-tax profits at Associated Book Publishers is mainly the result of a drastic downturn in its Canadian

Losses have continued since June 30; it is anticipated they will continue during the final quarter but at a declining rate.

Present improvement in order intake levels is not materially going to be felt in 1971 nor will the benefits of the new range and new markets.

Borrowings have been contained and the directors are confident there are adequate facilities to support the development and expansion; they are confident that "we should relatively quickly restore our rate of profit to its former levels."

## Recovery at Group Lotus

FIRST HALF (26 weeks) 1971 pre-tax profits of the Group Lotus Companies at £224,000, exceeded those of the comparable 1970 period by £203,000, and are already £2,000 ahead of the figure achieved for all of that year. Turnover was down from £2,633,000 to £2,275,000.

In view of the improvement in the current trading, and the Board's assessment of prospects, an interim dividend of 15 per cent. is declared. For 1970, when the £221,000 profit showed a reduction of some £285,000 on the previous year, the dividend total was cut from 42½ per cent. to 20 per cent.—there was no interim.

Commenting on the results, the directors say the recovery in margins continued, arising from the elimination of unprofitable methods of trading.

Since June sales in the domestic market have increased and the U.K. demand from the U.S. has improved, but sales there are subject to delivery delays arising from American dock strikes, they report.

The Eitan Sprint introduced in the spring has been "well received" and the company has just announced an improved version of the Europa fitted with the Lotus twin-cam engine.

First half Year 1971 1970 1971 1970  
Turnover 2,275 2,633 2,275 2,633  
Exports 1,590 1,254 1,590 1,254  
Profit before tax 194 69 194 69

Chairman Mr. Colin Chapman said last night: "We are looking for better results in the second half of the year than those for the first six months—and we are hoping to pay a better final dividend than the interim."

comment  
Group Lotus has recovered well from its 1970 setback with virtually all of the first-half increase coming from loss elimination following a cutback on racing car activities. Generally, sales at home are booming currently but the picture is less rosy elsewhere. Exports to America have been hit by the U.S. dock strikes and the prospects are not enhanced by the new import surcharge; on top of this demand in Europe is currently

## DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corre- tion div.	Total for year	Total last year
Abrahamson Int'l.	8	Nov. 28	8	(8)	20
Associated Book	12	Nov. 1	12	—	16
Business Computers	Nil	—	12½	—	25
Ceylon Timber & Rubber	8	—	8	—	8
David Charles	19	Dec. 13	16	(b)33	30
Globe Investment	7½	Dec. 30	—	—	19½
Group Lotus	15	Dec. 10	11	35	30
Gomme Holdings	25	Dec. 4	21	—	20
James Harrison	10	Dec. 4	10	—	20
Highland Distilleries	20	Dec. 8	19	30	29
Highlands & Lowlands Int'l.	11.25p	Dec. 8	1.25p	(e)17p	8.75p
Kamunting Tin	75p	Dec. 7	—	Nil	—
Leigh Mills	Nil	—	—	—	—
F. J. C. Lilley	(d)11	Nov. 11	2½	21	6½
London Investment	13	Nov. 25	10	—	23½
Marshall's Universal	10	Nov. 25	8½	10	8½
Nantyglo & Blaina	5	Dec. 17	(f)1	—	—
Rawlings Bros.	15½	Nov. 17	6½	30	6½
Rediffusion TV	Nil	Nov. 30	(g)1	—	—
Titaghur Jute	Nil	Nov. 19	(c)25	7½	—
Trident Television	18	Nov. 19	Nil	7½	Nil
Charles Winn	7½	—	—	—	—

\* Equivalent after allowing for scrip issue. † Amount per share.  
(a) Tax free. (b) On capital increased by rights and/or acquisition issues. (c) Total 15 per cent. was forecast. (d) Corrected. Increase is to reduce disparity—final of not less than 31 per cent. forecast. The dividend was incorrectly attributed to London Trust in yesterday's table. (e) On 19p (25p) shares. (f) Total of 20 per cent. already forecast. (g) 20 per cent. total forecast.

depressed. However, when the U.S. dock strike reaches settlement the present concentration on touring cars should leave Lotus with a firm trading platform. Doubling of the first-half profits performance puts the shares at 83p on a prospective p/e of 12½.

seems fair enough in view of the picture in the U.S. (a quarter of the sales total) is normalised.

## D. Charles tops its forecasts

BUILDING contractors and property developers David Charles has beaten its profit and dividend forecasts for the year to June 30, 1971, and looks for further growth.

Profit was forecast to exceed £810,000, and in the event has reached £851,581; against the forecast of £800,000, the increase of 30 per cent. on capital increased by rights and conversions issues, the dividend total is 33 per cent., the final being 19 per cent.

Earnings per share are stated at 6.5p (6.0p) and fully diluted at 6.6p (5.4p).

First half Year 1971 1970 1971 1970  
Turnover 12,152,000 11,003,400  
Trading profit 851,581 788,943  
Less stock interest 23,212 20,800  
Taxation 230,721 244,671  
Profit 597,648 523,472  
Preference dividend 57,500 57,500  
Interim ordinary 100,250 75,000  
Final ordinary 100,250 75,000  
Retained 273,897 180,772

Includes £43,544 written back (£34,128 additional charge).

The directors report that all trading operations have contributed to the record result so that profits are now being earned on a continuing basis from a wide spread of construction and development work.

Current trading is in advance of the level at this stage last year. The company is soundly based and well prepared for the expansion in business activity to be expected in the second half. A further increase in profits can be predicted with confidence.

Meeting, November 18.

comment  
Thanks to improvements in all three divisions, David Charles has exceeded its February forecast by 5 per cent. and lifted 1970-71 pre-tax profits by 17 per cent. Last year, about 40 per cent. of group profits came from housing, 40 per cent. from construction and commercial and industrial property development and the remainder from services (primarily plant hire). All three divisions are continuing to do well in the current year, although it is expected that housing will continue to be an increasing percentage of group profits as well as the present upswing in demand works through to profits. So with an excellent five-year record to reassure shareholders, the shares at 76p on a fully diluted p/e of 11.4 could go higher.

comment  
After the rapid growth that Lilley has shown of late, the 1971 interim figures, a £285,000 turnaround into losses, is a disappointment. Problems have been encountered in five or six contracts, necessitating a change of design, and substantial losses have been incurred. However, claims, including one for £250,000, have now been submitted to various local authorities. It is in doubt, though, whether these claims will be settled in the current year. So by and large the short-term prospects for Lilley might seem bleak. But an historic p/e of 10.1 at 64p has the support of the maintained interim dividend, and the possibility of a normal return on the claims.

comment  
Despite the continuance of conditions which necessitate the curbing of resources, Charles Winn and Co. reports profits—£24,644 (£42,349) for the 33 weeks to July 31, 1971—which enable resumption of dividends. A payment of 7½ per cent. is recommended.

First half pre-tax profit was £53,300 (loss £7,000). The company manufactures high-grade valves, etc.

First half Year 1971 1970 1971 1970  
Turnover 4,232,594 4,237,157  
Trading profit 22,321 335,154  
Less stock interest 21,600 19,400  
Depreciation 141,878 117,380  
Taxation 29,286 28,200  
Net loss 89,283 187,980

comment  
The group's business is that of civil engineering and public works contracting, with emphasis on main drainage and sewers, water mains, drainage, etc. The year ended January 31, 1971, its profit was £472,400 and its dividend equivalent to 12 per cent.

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## UNIT TRUSTS

## Keyser Ullmann buys Swiss fund

The Keyser Ullmann Group, in association with British Controlled Oilfields, has acquired a controlling interest in Capirex SA, the management company of the Swiss mutual fund, Fonselux.

This move, following Keyser's entry into the unit trust field in the U.K., is described as "a logical extension of the bank's investment activities." The purchase has been completed with the full agreement of the shareholders.

The present investment managers will continue to manage the fund on a day-to-day basis, and the Management Company and Investment Advisory Boards are to be augmented by representatives from KU and BCO.

Since the inception of the fund in January 1970, the share price of distribution units has risen 14.9 per cent. On the latest subscription day the offer price of distribution and accumulation units were 83.4p and 83.2p respectively and the share price was 83.2p.

comment  
In the October issue of Money Management and Unitholder, leading article, examines the impact which the growing use of property bonds is making on other forms of investment, as well as explaining the various problems associated with property investment. There is an in-depth assessment of the progress of each property bond.

Also in the October issue is an article on investment trusts making the point that they would do well to look more closely at their pioneering roots when they took the lead with courageous investment policies rather than sticking to the well-trodden path.

Other articles cover the effects of capital gains tax on unit trust investors, the Scott Committee's views on a long term assessment of unit trust performance.

## GLEN FUND

Transatlantic and General Securities Company announces that the interim distribution on income units of the Glen Fund, which will be 0.550p net per unit (0.833p last year for nine months period) payable on December 15.

comment  
Taking out the initial contribution of last year, two U.K. acquisitions leaves Marshall's Universal with six-month organic growth of 11 per cent. pre-tax. This is largely due to the success of the Peugeot sales in both Africa and the U.K., which now contribute about 60 per cent. of total group sales. Overall, East Africa accounts for some 70 per cent. of group pre-tax profits.

While the 20 per cent. volume growth in EA Peugeot sales was small compared to the U.K.'s 50 per cent. boom, the resulting U.K. profitability was reduced by the development programme and the EA operation did contribute more to this than the U.K. division. This pattern will probably continue into the middle of 1972, all the other divisions in both Africa and the U.K. are doing well and the third-quarter figures are well ahead on last year.

£750,000 pre-tax over the last 12 months, MU should turn in at least £800,000 if not £850,000 in the third quarter. On a modest, medium prospective p/e of just over 8 at 23½p, the shares are over discounting the low quality tag on African earnings.

comment  
AS THE order book is satisfactory and long-term prospects are viewed with optimism, the directors of F. J. C. Lilley are effectively maintaining the interim dividend at 4 per cent. on a modest, medium prospective p/e of just over 8 at 23½p, the shares are over discounting the low quality tag on African earnings.

comment  
The directors report that all trading operations have contributed to the record result so that profits are now being earned on a continuing basis from a wide spread of construction and development work.

Current trading is in advance of the level at this stage last year. The company is soundly based and well prepared for the expansion in business activity to be expected in the second half. A further increase in profits can be predicted with confidence.

comment  
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First half Year







## Facing a crucial decision

HONG KONG, Oct. 19

PARIS, Oct. 19.

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# U.S. companies expect to benefit if Britain joins Six

BY IAN DAVIDSON, EUROPEAN EDITOR

AMERICAN COMPANIES with European headquarters in the Common Market expect to benefit from Britain's admission to the European Community, according to a survey published by the American Management Consultants, Holdings and Struggles.

The survey was addressed to American companies of over 100 employees, or just over one-third of the total. Most of the replies came from companies with headquarters in the U.S., but others came from Germany, Italy, France and Holland.

More than two-thirds of the companies expect to benefit from enlargement of the Community, mainly because of the removal of trade barriers, also from lower costs. Service companies attached relatively more importance to the availability of labour or the flexibility of their operations.

## Question

The British labour situation is prominently in the minds of some of the participating companies—and not always in terms that are likely to please British trade unionists. One said: "We would certainly

welcome the entry of the U.K. into the EEC, but at this point it is difficult to assess future plans as far as expansion is concerned... the big question mark being the labour situation. Ideally, were the conditions better we would prefer to manufacture in the U.K."

Another commented: "The Continental market will benefit from slightly lower cost of goods due to the English wage scale versus the German and French. According to a third: "On a longer term it will permit, with greater ease, the transfer of personnel from one unit to the other."

Almost a third of the companies expect their sales to rise by more than 10 per cent. as a result of British entry, and this optimism is particularly pronounced among the smaller concerns. Almost half the groups expect a sales increase of 5-10 per cent. On the other hand, 43 per cent. think that British entry is unlikely to accelerate their expansion, while only 21 per cent. think it would probably have that effect. Where expansion is likely to follow British entry, more companies expect it to take place on the Continent (41 per cent.) than in the U.K. (34 per cent.), but 35 per cent. believe

## FEDERAL TRUST CONFERENCE

# Davies stresses need for Common Market regional policy

THE NEED for an EEC regional policy to complement national efforts was stressed by Mr. John Davies, Secretary of State for Trade and Industry, in London yesterday.

In particular he welcomed the Commission's proposals to prevent certain areas from "over-bidding" to attract international mobile investment projects. Mr. Davies was addressing the Federal Trust Conference on "Industry, Technology and the European Communities."

"Britain has serious problems of regional imbalance; so have the members of the present Community," he said. "The six individually pursue vigorous regional policies as we do. There is as yet no Community regional policy—although the Community has helped, mainly through the expenditure of the European Social Fund and ECSC funds, to retrain workers and to assist them financially until new work is available."

As a member, we too, could expect to benefit from these funds. And there would be nothing to prevent us from continuing to pursue effective regional policies.

But I see a need for the development of a Community regional policy to complement national efforts to ensure that the prosperous areas of the Community do not grow more prosperous at the expense of those in greater need and that all areas share the benefits of economic growth, and that there is no unjustifiable 'bidding up' to attract internationally mobile investment projects. The growth of European industries as opposed to national ones, will underline the need.

## Important

"The Community is very close to working out a policy in this debate in the House of Commons. I see nothing in the proposals before the council that will in any way endanger British policies. Indeed, on the contrary, we welcome them."

To take full advantage of the Common Market it was important to create in Europe a climate which would allow companies to grow to their optimum size and efficiency.

All know there are vital areas of industry, particularly in advanced technology sectors like aerospace, nuclear power and data processing, where individual European companies find it increasingly difficult to go it alone.

"The Community's development will be jeopardised unless it creates the conditions to enable them to match in size and strength the efficiency of the giant corporations of the U.S. and Japan."

The present Community had made a start on its programme of harmonisation of company law, the fiscal framework and the harmonisation of technical standards.

"There are also some very interesting proposals from the Commission such as the introduction of a European Investment Bank, the introduction of Community development contracts and wider use of the Euratom 'joint undertaking' concept, to assist cross-frontier collaboration."

Recent studies had shown that the economic case for British membership of the European Community was solid and unassailable, according to Mr. Charles Layton, an adviser to the EEC Commissioner for Industry and Technology.

"The old argument that while there is a political case for joining the EEC the economic benefits are dubious has been exploded

## APPOINTMENTS

# Group executive changes at Allied Breweries

At his own request due to other commitments—particularly his Parliamentary duties—Mr. T. G. Boardman will relinquish his position as finance director of ALLIED BREWERIES from January 1. Mr. Boardman, who is Conservative MP for Leicester S.W., will remain a director of the company with special responsibilities which will include continuing as chairman of Allied Investments (Bermuda), Allied Breweries Pension Trust, and a director of Skol International and Skol International Investments.

From the same date Mr. D. Holden-Brown will become finance director (incorporating also the duties of control director) and Mr. J. M. Shaw will become director of Showers, Vine Products and Whiteways by Mr. K. S. Shaw.

Mr. Shaw will resign his position as chief executive Allied International Breweries. He will continue as chairman of Skol International Investments and a director of Allied Investments (Bermuda) and Skol International.

Mr. A. J. B. Mason will become chief executive Allied International Breweries and will relinquish his post as control director.

Mr. R. V. Thomas has been appointed director of finance of BUSH BOAKE ALLEN, a division of Albright and Wilson.

Geoffrey Leblain, who has been joint managing director since October, 1970, takes over full executive responsibility.

Mr. J. L. Dickenson, managing director of the Skeffo Ball Bearings Company, has been appointed a part-time member of the BRITISH RAILWAYS (LONDON MIDLAND) BOARD from January 1 for a term of two years.

Mr. T. C. Leader has been appointed production director of BASCOCK AND WILCOX (OPERATIONS) from November 1. He was previously production director and deputy to the managing director of C. A. Parsons and Co.

The Board of SEALED MOTOR CONSTRUCTION COMPANY announces that following completion of the placing of Ordinary Shares previously held by the Birmingham Small Arms Company, Mr. L. J. E. Beeson and Mr. E. West, who were BSA's representatives, have resigned from the Board of SMC.

Mr. Albert J. Whewy, who is associated with S. G. Warburg and Co., has been appointed to the Board of F. C. FINANCE. He fills the vacancy arising from the resignation of Mr. A. E. Banks, a non-executive director of S. G. Warburg and Co., who has reduced his business commitments because of ill health.

Mr. Robert Appleby, chairman and managing director of Black and Decker, has accepted the invitation of the Council of the BRITISH INSTITUTE OF MANAGEMENT to be the next chairman. He will succeed the present chairman, Sir Basil Smallpiece when his two year term of office expires in October, 1972.

MORGAN GRENELL (OVERSEAS) has nominated Mr. Guy Harnford as its special representative in Italy. Mr. Harnford will advise Morgan Grenfell on the development of its business in that country and will provide liaison with official organisations, financial institutions and industrial enterprises.

Mr. A. C. Petersen, an executive director of RAND MINES has been appointed deputy chairman and will succeed Mr. F. R. Anderson as chairman on January 1. Rand Mines will in future be concerned solely with the exploration and mining interests of the company, the administration of the gold, coal and platinum mining companies in the Barlow Rand group and the administration of Transvaal Consolidated Land and Exploration Company. The industrial, property, financial and commercial companies hitherto comprised in the Corner House Group will in future come directly under the Barlow Rand administration.



Dr. M. C. Dart

Dr. M. C. Dart, who was appointed divisional manager, biology division, Unilever Research Laboratory, has moved to head office to become environmental safety officer, research division.

Sir George Bolton, who was recently elected a director of LONDON AND BOMBAY UNITED INVESTMENTS, has been appointed chairman. Sir John Newsome-Smith has been made a deputy chairman.

Mr. Dave Morris has been appointed life president of the FALCON PIPE GROUP, which is now a subsidiary of London and Midland Industrials. LMI's chairman, Mr. Michael Bryceson, Group will in future come directly under the Barlow Rand place of Mr. Morris, and Mr. administration.

# Buses rather than trains for rural areas—Griffiths

BY RAY DAFTER

SEVERAL rather than trains must provide bulk conventional public transport in rural areas, Mr. Griffiths, Parliamentary Secretary at the Department of the Environment, said in London yesterday.

Some £30m. a year was being spent towards unprofitable rural services. "No Government can afford to shell out this sort of money indefinitely," he said. "A Rural District Councils helping the rural bus user to the tune of £40m. a year in the form of subsidies, grants and loans."

Where conventional bus services were no longer justified local authorities and voluntary organisations should be encouraged to provide alternative transport schemes.

Mr. Anthony Griffiths, executive director (passenger) of a British Railways Board, said rural train services combined the best elements of a transport, he said, cheaper to buy and passenger a new car every

small numbers on rural services but buses had also been declining. Rural services had tended to be supported by profits made in more populous areas, but being made on urban services.

The Government was not prepared to see rural people being cut off without taking steps to help them. The Department of the Environment was already helping the rural bus user to the tune of £40m. a year in the form of subsidies, grants and loans.

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uses provided a far more efficient means of transporting call the £30m. a year grant to

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ATCOST INDUSTRIAL DIVISION

Berkley Square House, London W1, Telephone: 01-493 0802

4 King Street, Glasgow, Scotland, Telephone: 0432 2832

## NEW GLASGOW WAREHOUSE

Lochiel Development Company, of Glasgow, is to build a wholesale distribution warehouse in Rutherglen Road. The warehouse will have a floor space of 81,400 square feet with an adjoining office block of 8,000 square feet. It will be for clients in the food and allied trades.

# Minister regrets union view on entry to Six

BY ELSBETH GANGUIN

THE ATTITUDE of British trade unions was compared with their European counterparts yesterday by Mr. Paul Bryan, Minister in the Department of Employment,

## McINTYRE PORCUPINE MINES LIMITED

Announcement



Charles E. Richardson

J. K. Godin, President and Chief Executive Officer of McIntyre Porcupine Mines Limited, is pleased to announce the appointment of Charles E. Richardson as President of the Company's wholly-owned subsidiary McIntyre Coal Mines Limited.

Mr. Richardson brings to McIntyre, whose interests include one of the world's major coal deposits, a wealth of experience in coal mining operations. Most recently he was President of the Northern Division of Island Creek Coal Company and prior to that was President and Chief Executive Officer, Maust Coal and Coke Company. Mr. Richardson assumed his new duties October 1, 1971.

when he addressed a British Institute of Management conference on EEC entry.

"It was a matter of 'regret,' Mr. Bryan said, that British trade unions were opposed to entry, and failed to share 'our optimism' about the economic advantages of doing so."

Their European "brethren" were all in favour of the EEC, whatever their initial doubts might have been. "Far from finding, as our unions prognosticate, that the riches of the Community and the poor poorer in the Community, they feel their members have benefited enormously from it."

That benefit had not only been in terms of higher real wages and improved standards of living, resulting from rapid economic growth, it also came from more enlightened management policies, improvements in conditions of employment, and better social and welfare provisions.

He could understand the British unions' concern that price increases should not adversely affect lower income groups, but Mr. Bryan added the Government was determined to provide safeguards for such people.

## 'M-WAY DELAY COSTS £200,000 A MONTH'

Delay in opening the final seven-mile section of the Midlands Link Motorway will cost about £200,000 a month, the British Road Federation said yesterday.

Reason for the hold-up is the safety check on the designed loading capacity of all large steel girder bridges in use and under construction in this country which Mr. Peter Walker, Secretary of State for the Environment, ordered last June.

The Federation bases its estimate of the cost of putting this section out of action on an annual rate of return of 10 per cent. The minimum figure at which plans for new motorways generally get the go-ahead.

All of these shares having been sold, this announcement appears as a matter of record only.

## NEW ISSUE



12,000,000 Shares

# Massachusetts Financial Development Fund, Inc.

## Common Stock

(par value \$1 per share)

The Fund is a fully managed, open-end, diversified investment company seeking as its primary investment objective to provide long-term growth of capital and future income. As a secondary objective, the Fund will attempt to provide more current dividend income than is normally obtainable from a portfolio of growth stocks only. Shares of the Fund may be tendered at any time for redemption at net asset value. To achieve its objective, it is the policy of the Fund to invest a substantial proportion of its assets in the common stocks or securities convertible into common stocks of companies believed to possess better than average prospects for long-term growth. A smaller proportion of the assets may be invested in bonds, short-term obligations, preferred stocks, or common stocks whose principal characteristic is income production rather than growth. Such securities may also offer opportunities for growth of capital as well as income. In the case of both growth stocks and income issues, emphasis is placed on selecting what management considers to be progressive, well managed companies.

Massachusetts Financial Services, Inc.

Investment Adviser

Merrill Lynch, Pierce, Fenner &amp; Smith

Incorporated

Paine, Webber, Jackson &amp; Curtis

Incorporated

Dean Witter &amp; Co.

Incorporated



## Laker bid for cheap flights to U.S.

FINANCIAL TIMES REPORTER

**When it comes to car hire, Air France have got their feet on the ground.**

Air France set the same high standards for moving their staff around on the ground as they do for flying their passengers around the world.

Comfort, reliability and speed, they insist on. Which is why they've just added a batch of Avengers, on Contract Hire from Warwick Wright, to their Hunter fleet.

Apart from the very reasonable rates involved, they weren't slow to notice the speed and efficiency of our servicing operation either.

May we offer you the same service? In which case talk to Hilary Bishop—NOW!

Before you get landed with less than the best.

**WARWICK WRIGHT MOTORS**

Barlby Road, W10. Telephone: 01-969 3232

MAIN DEALER  CHRYSLER UNITED KINGDOM

LAKER AIRWAYS' plan to run low-cost, no-frills "Sky Train" flights to America would bring a little order into a chaotic situation, the Air Transport Licensing Board was told yesterday.

The service would cost £37.50 for a summer flight and £32.50 in winter between Gatwick and Kennedy Airport, New York.

Mr. Harvey Crush, for Laker Airways, said: "This is an application to run a service which will bring a little order into a chaotic situation in which the law has served people badly and made otherwise respectable people resort to breaking the law because simple, low-cost transatlantic travel was not available to them legally."

### "No frills"

Many passengers wanted simple, reliable, safe and comfortable transport, with no additional frills.

"And that is all that is provided for the price of the service proposed," said Mr. Crush.

Tickets would be sold at about a year's profit.

Gatwick and Kennedy Airports only in the six hours before departure of the daily summer flights and four-week winter flights.

Passengers at Gatwick would be able to buy vouchers for the return trip to save foreign currency. Duty free drinks and cigarettes would be sold on the flight, with meals for those who wanted to pay for them.

Mr. Crush said the service was not aimed at existing scheduled service flights and should not divert traffic from them. Group charter flights would still be able to offer members a cheaper service.

Mr. Freddie Laker, chairman and managing director of Laker Airways, said: "I believe this is a bold new experiment. We could afford to invest and lose £400,000 on this service without its having any impact on the actual fabric of the company, which would mean we would be conceding to this service the whole of the estimated profit for the year. We reckon it is worth about a year's profit."

## BOAC expands low-fare service to S-E Asia

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BOAC, through its subsidiary, British Overseas Air Charter, is expanding its very low-fare flights to South-east Asia on November 8, when it starts flights to Singapore from London.

The London-Singapore fares will be £25 single, £170 return, compared with the present economy class scheduled fares of £223.80 single and £447.20 return.

BOAC's charter subsidiary recently began similar low-fare services between London and Bangkok and Kuala Lumpur, and is signalling the start of the "Sello" inter-city exhibition train before it left London on a regional tour.

Similarly, the Far East Travel Centre, in conjunction with Sabre Air, the Singapore Government-controlled airline, recently started cheap flights between London and Singapore.

Individual passengers can buy tickets through Overseas Air Travel (another BOAC subsidiary) or through any travel agent.

## BR EXHIBITION FLEET TO BE INCREASED

British Rail will increase its fleet of exhibition carriages to 41 by the beginning of next year, Mr. Richard Marsh, chairman of the Board, said yesterday. He is signalling the start of the "Sello" inter-city exhibition train before it left London on a regional tour.

"The possibility of Common Market entry has stimulated considerable interest in overseas tours: four Western European tours and one into Russia are already in prospect," he said.

## TREND OF INDUSTRIAL PROFITS ANALYSIS OF 2,154 PUBLIC COMPANIES

The Financial Times gives below its monthly table of company profits and balance-sheet analysis. This covers the results of the preceding year's comparison in brackets of 2,154 companies which published their reports during the nine months of 1971. The cumulative record of the 1970 series covered the results of 2,694 public companies. (Figures in £'000.)

INDUSTRY	No. of Cos.	Trading Profits	Profits before Int. & Tax	Pre-Tax Profits	Tax	Retained for Ordinary Dividends	Ord. Dividends	Cash Flow	Net Capital Employed	Net Assets
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
AIRCRAFT & COMPONENTS	8	43,108	29,899	21,850	8,109	12,605	9,998	15,571	778,191	10,7
BUILDING MATERIALS	124	288,706	181,194	146,834	34,360	75,284	51,728	103,953	1,418,754	12.8
CONTRACTING & CONSTRUCTION	109	120,218	80,228	63,671	16,557	32,750	18,601	52,818	553,286	14.5
ELECTRICALS (EX. KLM, etc.)	30	184,637	139,745	106,988	32,757	56,038	31,807	67,272	991,933	14.1
ENGINEERING	228	328,948	245,490	207,757	37,733	109,168	65,056	115,838	1,744,517	14.1
MACHINE TOOLS	29	46,153	38,581	30,501	8,082	13,348	7,756	16,692	295,789	11.3
SHIPBUILDING	5	3,251	2,775	2,107	668	3,107	180	746	49,357	4.0
MISC. CAPITAL GOODS	75	108,364	84,834	71,188	13,646	36,184	22,211	35,530	599,598	14.5
TOTAL CAPITAL GOODS	606	1,097,873	791,229	639,015	152,214	335,274	204,497	404,329	5,918,567	13.4
ELECTRONICS RADIO & TV	30	188,890	110,370	82,000	28,370	54,944	28,110	97,861	698,863	15.8
HOUSEHOLD GOODS	55	47,588	35,716	31,652	14,064	17,551	11,040	16,551	255,337	15.2
MOTORS & COMPONENTS	48	261,335	163,783	124,506	39,277	59,073	37,4	119,348	1,455,731	9.8
MOTOR DISTRIBUTORS	44	33,337	24,155	16,620	7,535	9,020	4,911	11,319	189,111	12.8
TOTAL CONSUMER DURABLES	198	518,514	314,094	236,386	77,708	120,471	75,003	245,073	3,589,032	13.1
BREWING	33	241,656	200,154	163,419	36,735	58,428	38,170	69,946	1,630,328	12.3
DISTILLERS & WINES	10	75,173	68,187	62,185	15,992	37,096	25,441	18,770	424,454	16.1
HOTELS & CATERING	19	55,338	45,945	34,110	11,835	19,411	9,853	18,774	352,372	12.5
INSURANCE	46	42,113	28,090	22,429	5,661	13,967	8,719	16,920	142,407	19.7
FOOD MANUFACTURING	50	360,485	248,075	193,973	54,102	94,738	61,098	139,778	2,086,399	11.9
FOOD RETAILING	40	53,704	41,928	36,403	5,525	32,778	16,938	35,710	344,964	17.8
NEWSPAPERS & PUBLISHING	51	61,092	44,337	36,860	17,477	17,344	13,567	17,344	288,073	15.4
PACKAGING & PAPER	49	130,898	86,499	69,865	16,634	34,919	23,161	54,012	733,899	11.8
STORES	72	268,435	184,148	121,859	62,289	116,668	83,001	63,535	1,194,158	18.5
CLOTHING AND FOOTWEAR	107	47,466	35,972	29,413	6,559	16,172	9,399	15,360	229,956	15.3
TEXTILES	86	198,771	133,058	104,610	28,448	45,468	39,089	64,553	1,041,924	12.8
TOBACCO	6	295,059	260,701	240,738	19,963	194,361	62,927	90,492	1,499,916	17.4
TOYS AND GAMES	9	5,878	3,514	2,546	1,068	812	1,192	1,890	38,834	8.5
TOTAL CONSUMER NON-DURABLES	591	1,850,995	1,235,508	910,208	325,290	648,972	411,918	604,864	10,099,727	14.2
CHEMICALS	47	513,694	336,048	275,789	60,259	148,816	102,918	211,974	2,644,841	12.7
OFFICE EQUIPMENT	19	42,804	31,765	25,675	6,090	16,511	8,777	16,915	154,334	20.6
OIL	11	1,118,901	886,822	671,328	215,494	366,706	179,597	335,682	4,990,251	17.5
SHIPPING	28	116,132	61,935	47,482	14,453	34,446	21,728	55,086	987,156	6.4
INDUSTRIAL HOLDING CO.	78	237,806	177,185	146,847	30,338	70,447	45,036	82,690	1,303,534	15.6
MISC. INDUSTRIAL	93	136,028	94,149	66,666	27,483	45,881	26,586	56,262	657,080	14.3
TOTAL INDUSTRIALS	1,638	5,639,339	4,108,896	3,476,341	632,555	1,686,025	1,059,971	2,022,635	29,307,520	14.0
BANKS	5	286,497	249,760	240,230	9,530	126,168	48,575	112,697	1,543,365	18.2
DISCOUNT HOUSES	38	44,653	35,081	28,020	7,061	28,704	15,082	16,077	295,295	20.4
LEASE FINANCING	8	68,250	59,813	50,920	8,893	11,354	5,424	12,440	352,472	17.0
INSURANCE	25	130,517	86,499	69,865	16,634	34,919	23,161	54,012	733,899	11.8
INSURANCE BROKERS	13	44,710	35,948	28,010	7,938	14,611	7,895	15,816	140,299	15.6
INVESTMENT TRUSTS	226	155,806	105,017	84,589	20,428	109,757	60,086	7,819	2,837,954	5.4
PROPERTY	76	181,169	117,083	98,769	18,314	32,709	27,469	7,782	3,082,203	5.7
MISC. FINANCIAL	17	58,597	35,850	28,019	7,831	18,993	11,182	12,179	340,876	15.7
TOTAL FINANCIAL	401	1,111,199	699,151	544,581	144,570	437,421	284,011	365,913	17,297,581	19.2
RUBBERS	40	28,388	22,006	18,078	3,928	15,154	10,117	12,621	106,821	9.0
TEA	41	9,055	7,827	6,549	1,278	2,990	1,886	2,533	84,824	8.6
TIN	10	7,714	6,555	5,848	707	4,089	3,569	1,403	26,794	2.5
MISCELLANEOUS MINING	9	168,351	125,436	113,816	11,620	50,970	28,531	65,051	1,066,385	12.7
OTHER RAW MATERIALS	18	20,013	14,378	11,826	2,552	4,499	4,148	6,594	123,506	11.3
TOTAL COMMODITIES	118	330,590	257,549	218,061	39,488	75,932	48,291	69,160	1,411,944	12.2

### NOTES ON COMPILATION OF THE TABLE

The classification follows closely that required under the Companies Act, 1968, of the Income and Faculty of Actuaries, which has been adopted by the Stock Exchange Daily Official List.

Col. 1 gives trading profits, plus investment and other normal income property belonging to the financial year covered. The figure is struck before charging depreciation, loan and other interest, directors' remuneration and other items normally shown on the profit and loss account. Excluded are all exceptional or extraordinary items such as, for example, capital profits, unless the latter arise in the ordinary transaction of business.

N.B.—Certain companies, including merchant banks, discount houses, insurance and shipping companies, are exempted from disclosing the full information.

Col. 2 gives profits before interest and taxation, that is to say profits after charges, except loan and other interest, and minority interests. In the case of Banks no figure can be shown because of the ordinary transaction of business.

Col. 3 gives Pre-Tax Profits, that is to say profits before interest and taxation, but before deducting provision and minority interests.

Col. 4 groups all corporate taxation including income tax, corporation tax, foreign liability and future tax provisions. Foreign tax includes adjustments relating to previous years.

Col. 5 gives the net profits accruing to equity capital after meeting—

1. Minority interests.

2. A prior charges—sinking fund payments, and Preference dividends, and Provisions for staff and employees' pension funds where this is a standard annual charge against net revenue.

Col. 6 sets out the gross cost of dividend on equity capital.

Col. 7 is the total of new issues of shares over a year's trading. For the purpose of comparison equity earnings plus depreciation less current dividend is the recommended method of computing this figure.

Col. 8 constitutes the total net capital employed. This is the total of net assets, trade investments and current assets—excluding intangibles such as goodwill—less current liabilities.

For merchant banks and discount houses a more realistic figure is given the balance-sheet total.

Col. 9 represents the net return on capital employed. Col. 2 is divided by Col. 8, provides an indication of average profitability.

Excluding merchant banks, discount houses, insurance, etc., no figures given as pre-tax negative.

Col. 10 Net current assets are given at the year end. This is the total of net assets less current liabilities. This figure therefore provides an indication of the volume and liquidity of assets and liabilities.

Col. 11 Net fixed assets are given at the year end. This is the total of net assets less current liabilities less net working capital. This figure therefore provides an indication of the volume and liquidity of assets and liabilities.

## Jumbo jets for Pan Am 'round world' service

By Michael Donne

PAN AMERICAN World Airways is introducing its Boeing 747 Jumbo jet on its "round the world" service from October 31, replacing the Boeing 707s which have operated the service for several years.

Pan Am, which now has 30 Jumbo jets in service, flies them into 35 cities on its network. It has now accumulated 134,000 hours of Boeing 747 operations, with over 3.2m. passengers carried since the first service began in January last year.

After its initial teething troubles, the Jumbo jet appears to have settled down well, and the airline considers that it is a "great aeroplane."

Pan American's "round-the-world" service calls at New York, London, Frankfurt, Istanbul, Beirut, Tehran, Karachi, New Delhi, Bangkok, Hong Kong, Tokyo, Honolulu and Los Angeles.

## Building societies "must watch money inflow"

FINANCIAL TIMES REPORTER

MR. LEONARD WILLIAMS, chief general manager of the National Building Society—Britain's third largest—said at a conference yesterday that there were some important lessons to be learned from the way things had gone in the private housing sector over the last two or three years.

Private housing starts fell from 233,000 in 1967 to 185,000 in 1970, he said. In that year the inflow of money into building societies began to increase and total mortgage lending in 1971 will reach £2,500m, which will be two-thirds as much again as the average which was lent in the three years from 1967 to 1969.

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Pan American's "round-the-world" service calls at New York, London, Frankfurt, Istanbul, Beirut, Tehran, Karachi, New Delhi, Bangkok, Hong Kong, Tokyo, Honolulu and Los Angeles.

## Park Lane leasehold fetches £2.5m

Financial Times Reporter

THE head leasehold interest in a large building on a corner in Park Lane and Oxford Street, London, has been bought for £2.5m. by Pepper Angles, Woodward and Druce and behalf of pension fund investors.

The property, 139-140 Park Lane, is a 99-year leasehold of 51,600 square feet of office and residential space.

A spokesman for Pepper Angles and Woodward said the property was subject to a number of tenancies and "substantial sums" were expected during the next few years.

In York, £14,000 was obtained by auction for a part of the Great Yorkshire Ground, Harrogate. The York ground has planning permission for 68 houses, and is owned by Harrogate and Son, of York, reported the high figure reflected the long demand for the Harrogate.

## COMBEX MARKETS KITCHEN TOYS

Dumex-Comex-Mark, said yesterday its toy subsidiary, Combex, will develop and distribute the entire toy interests of Runtal Plastik, a firm of precision injection moulding manufacturing plastic toys for girls.



## RESIDENTIAL PROPERTY

### Knight Frank & Rutley

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#### SHROPSHIRE

**ASTBURY HALL, BRIDGNORTH**  
Easy reach of main line station (Euston 3 hours)  
AN EXCELLENT AGRICULTURAL AND SPORTING ESTATE  
HAVING A FINE PERIOD STYLE HOUSE.  
Four reception rooms, 5/6 bedrooms arranged in suites, nursery  
suite and staff flat each with bathroom. Garages for 7. Two  
tallages, well kept gardens including hard tennis court,  
swimming pool, lake, stream and kitchen garden.  
Home Farm, 3 other Farmsteads, Managers House, 15 further  
tallages, 110 acres of woodlands, 31 miles single bank fishing on  
the River Sever.

**FOR SALE WITH ABOUT 1,000 ACRES**  
(MAINLY WITH VACANT POSSESSION)  
PRIVATELY NOW OR AUCTION LATER AS A WHOLE  
OR IN LOTS.

JOHN CLEGG & CO., Bury Estate Office, Church Street,  
Birmingham (Tel: 4711) and KNIGHT, FRANK & RUTLEY.

#### BERKSHIRE, Near NEWBURY

Stunning country, 5 miles from Newbury Station.  
Paddocks 54 minutes.  
A LARGE WELL EQUIPPED MANSION  
IDEALLY SUITABLE FOR INSTITUTIONAL PURPOSES.  
Hall, 11 reception rooms, 3 lecture rooms, offices, 4 meeting/  
conference rooms, 2 Television rooms, Chapel, 28 bedrooms,  
ample washing facilities.  
Full oil central heating.  
Attractive well laid out Gardens. Walled Kitchen Garden.  
Glass Houses. Two Fields.  
**FOR SALE FREEHOLD WITH ABOUT 40 ACRES.**  
(56410 KM) FT.

By Order of the Secretary of State for Social Services

#### BERKSHIRE

Wokingham 21 miles  
PINWOOD HOSPITAL, NINE MILE RIDE.  
SUITABLE FOR INSTITUTIONAL PURPOSES.  
Extensive brick and other buildings including Principal House,  
Maisonettes, 3 Cottages, Lodge, Administration, Ward,  
Theatre, Kitchen and Canteen Blocks.  
In wooded grounds extending to about 84 acres.  
**FOR SALE AS A WHOLE OR WOULD POSSIBLY BE  
DIVIDED.**  
VACANT POSSESSION ON COMPLETION.

9 Hanover Square London W1R 0AH Telephone 01-629 8171  
Telegrams Knight Frank London W1R 0AH Telex 263584 and at Hereford

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Please note our new address:  
1 HANS ROAD, LONDON, S.W.3. 01-589 1490  
(Entrance to Hans Road, Hans Road)

For Sale by Auction 24th November, 1971  
(unless previously sold privately)

**A HOME AND INCOME**  
Situations Convent House  
7 PHILLIPS GARDENS, W.5.  
Surrounding 3 acres. Vacant  
household 5 rooms, kitchen,  
bathroom, C.H. Private garden.  
LONG LEASE G.R. 250 p.a.  
Further details from the Auctioneers, as above, ext. 2810.

**Alwyn Road, Canbury N.1.**  
Nestly situated overlooking "New  
York" Park. Impressive early Victorian  
house of 11 rooms, including 5  
bathrooms. Requires extensive  
renovations. Freehold. 1/2000. A  
very fine house of 5/10 rooms  
also available in the close vicinity.  
Plans & C.D. from Harrods, W.1.  
01-483 2244.

**ABLEDON DET. modern house 4**  
beds, full fitted wash basin, 2  
bathrooms, C.H. D.H. garage.  
1/2000. 1/2000. 1/2000. 1/2000.  
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**0 LET**  
LEY UNFURNISHED—Tillingham House  
near Tillingham. Well modernised  
residential house of 4 bedrooms, 2  
bathrooms, 4 bathrooms. Central  
heating. 1/2000. 1/2000. 1/2000.  
1/2000. 1/2000. 1/2000. 1/2000.  
1/2000. 1/2000. 1/2000. 1/2000.

## COMPANY NOTICES

**ANGLO AMERICAN CORPORATION GROUP**  
DRANGE FREE STATE GOLD MINING COMPANIES  
DIVIDENDS  
Further to the Dividend Notice advertised in the press on the 14th  
September 1971, the following companies have declared dividends as follows:  
Name of Company  
Dividend  
South African  
United Kingdom  
Currency  
per share  
per share

Name of Company	Dividend	South African	United Kingdom	Currency
Free State Gold	29	85 cents	47.58506p	
Minas Limited	35	75 cents	41.98622p	
President Brand Gold	33	7.5 cents	4.19868p	
United Mines	28	12 cents	6.17199p	
President Brand Gold	33	103 cents	58.7154p	

The effective rate of South African Non-Resident Shareholders' Tax for  
the above mentioned companies is 15%.

**ANGLO AMERICAN CORPORATION OF SOUTH AFRICA**  
For and on behalf of the Board:  
London Office: 40, Pall Mall, S.W.1. Tel: 01-499 1211.  
Office of the U.K. Secretary: 40, Pall Mall, S.W.1. Tel: 01-499 1211.  
15th October, 1971.

**WILKINSON WARBURTON LTD.**  
NOTICE IS HEREBY GIVEN that the  
annual general meeting of the company  
will be held at the company's registered  
office, 15, Abchurch Lane, London, E.C.4,  
on Wednesday, November 3rd (both  
days inclusive) for the purpose of  
electing directors and auditors.

**ANGLO AMERICAN INDUSTRIAL CORPORATION LIMITED**  
INCORPORATED IN SOUTH AFRICA  
NOTICE IS HEREBY GIVEN that the  
annual general meeting of the company  
will be held at the company's registered  
office, 15, Abchurch Lane, London, E.C.4,  
on Wednesday, November 3rd (both  
days inclusive) for the purpose of  
electing directors and auditors.

**ANGLO AMERICAN CORPORATION OF SOUTH AFRICA**  
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electing directors and auditors.

## Cunard in deal with American Express

By James McDonald, Shipping Correspondent

CUNARD will accept American Express credit cards for its transatlantic routes and cruises.  
American Express regards the acceptance as a major breakthrough into prestige world shipping; it is the first acceptance by a shipping company operating on the transatlantic route of any kind of card facility for passengers.  
The card will be honoured at Cunard offices and their appointed passenger ticket agencies for all sailings and services. A cardholder will be able, without formalities to book a stateroom in the QE2 or in the new Adventurer, cruise liner, which enters service next month.  
The agreement introduces a "Sign and Sail" facility for cardholders similar to the "Sign and Fly" air plan, enabling a fare payment to be spread over three, six, nine or 12 months at a low interest rate. The joint announcement by Cunard and American Express.  
The French Line, which operates the superliner France on the North Atlantic during the peak tourist season, confirmed last night that this was the first time, to its knowledge, that credit cards had been accepted on the route.  
In the Cunard ships the credit card can be used for settlement of all on-board expenses, including bar bills, with one exception, hairdressing accounts. Another might be tips.  
This development has taken place less than two months after "Fragrant House" in the Cunard district councils and branches for more money.  
Launching this appeal, Mr. Jenkins forecasts that the present period of tension "will continue."  
The union's treasurer, Mr. McKie, warned the 250,000 members recently that it faced rapidly escalating costs. Factors in this year's increase in dispute pay are the steeply rising membership of the union and a protracted and costly dispute at Courtauld's textile factory at Spennymoor, Co. Durham.

## ASTMS launches plea for more money

BY OUR LABOUR CORRESPONDENT

AFTER spending £100,000 in industrial dispute pay in the first nine months of this year, Mr. McKie, Secretary of the Association of Scientific, Technical and Managerial Staffs, is appealing to district councils and branches for more money.  
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## Concorde price may be set next month

PARIS, Oct. 19.

M. HENRI ZIEGLER, president of Aérospatiale, one of the companies involved in the Anglo-French Concorde project, said he expected the British and French Governments to set a price for the Concorde next month.  
"Unless we have a selling price, we cannot conduct business," he said. Company officials estimated the price would be around \$27.8m.  
—Reuters.  
Michael Deane writes: As already reported, the two Ministers in charge of the Concorde project, Mr. Frederick Corfield, Aerospace Minister, and Mr. Jean Chamant, French Transport Minister, are due to meet in Paris, probably some time in November, to review progress with the project. The selling price to be set for Concorde will be one matter on the agenda.

## Court ruling on trust fund cuts estate duty by £500,000

A CONTENTION by the Inland Revenue that estate duty is payable on the capital value of shares settled in 1956 on the late Mr. John Barry Clarkson by his father, Mr. Frank Henry Clarkson, was rejected by the High Court yesterday.  
Mr. Barry Clarkson, aged 30, his wife and two children were killed in an air disaster on November 4, 1967.  
Mr. Frank Clarkson was until recently chairman of the company. The matter was before the court on a construction summons, the parties to which were the fund's trustees and the tax authorities.  
Mr. Justice Megarry said Mr. Frank Clarkson made a settlement on March 21, 1958, settling shares on certain trusts for the benefit of his daughter, Dorothy, and his son, Barry. No question arose concerning Dorothy's fund.  
When Mr. Barry Clarkson died, the capital value of his shares was rather over £550,000. Under the settlement, the income was dealt with in three "slices," the first being for 15 years from the date of the settlement and comprising the income of the whole of the fund. This was followed by two "slices," each of five years, of two-thirds and one-third of the income respectively.  
The drafting of the deed was far from perfect, said the judge, but it made a clear distinction between capital and income.  
He held that estate duty was not payable on the principal value of the fund, but only on the income accruing to March 21, 1958. He awarded the trustees costs of the hearing.  
The effect of the decision will be to reduce estate duty payable in respect of Mr. Barry Clarkson's interest in the fund by over £500,000.

## U.K. plastics output hit by imports

BY JOHN TRAFFORD

FOR THE first time in the history of the plastics industry, the total volume of plastics made in the U.K. has fallen substantially. Figures just released by the Department of Trade and Industry for the second quarter of the year show a 4 per cent. decline to 374,000 tons, compared with the same period of 1970.  
Trade sources last night were blaming cheap imports of materials, particularly in thermoplastics, for the downturn. Demand overall is believed still to be rising at 1 to 2 per cent annually (compared with the 12 per cent annual rate established during the past decade) but the decline in this growth and more besides has been taken up by imports.  
Only 10 per cent. of the respondents in the organic chemicals, synthetic resins and plastics materials sector said they would be authorising most investments in the next 12 months, compared with as many as 64 per cent. in June.  
The latest DTI figures show that U.K. output of polystyrene and PVC fell by 10 and 8 per cent respectively, while polyolefins (the category including polyethylene and polypropylene) showed virtually no change.  
In the semi-rigid resins, alkyd-resin by 12 per cent, but this was offset by falls of 7 and 6 per cent. in polyesters and phenolics, and by a 6 per cent. drop in aminoplasts.  
Extensive additional facilities are now offered by the United Kingdom Construction and Engineering Company of Liverpool, a WGL company, with the opening of a new design services division at Burlington House, Eaglecliffe Terrace. The division is headed by W. Bolland, formerly assistant chief engineer and chief planning designer of the Power-Gas Corporation.  
The division's services include the provision of fine sheets, plant layouts, and the fabrication, erection and testing of pipework installations.

## PIPE SERVICE EXTENDED

Common Market producers, particularly those in Italy and France, are identified as the main source of the imports. Over-capacity on their home markets coupled with the low tariff on plastics imports into the U.K. has made Britain a particularly attractive target.  
A similar situation is expected to be shown when DTI figures for the third quarter are published. The problems facing plastics raw material manufacturers were highlighted in the Confederation of British Industry survey on industrial trends.

## New hope for end to Swan Hunter strike

BY OUR OWN CORRESPONDENT

SOUTH SHIELDS, Oct. 19. THE 700 strikers who went on unofficial strike last Friday in the Tyne yards of Swan Hunter Shipbuilders, have been called to a mass meeting at Wallsend tomorrow. This has raised hopes they might soon be back at work. The men will be addressed by Mr. George Arnold, divisional organiser of the Amalgamated Union of Engineering Workers, who, with shop stewards, will then have talks with management representatives.

## Journalists reject 4% pay offer

THE NATIONAL Union of Journalists yesterday rejected a 4 per cent. pay offer for 9,000 regional daily and weekly newspaper staff. The union had asked for minimum increases of £7 a week for qualified journalists working in the provinces and £10 for those based in London.  
The Newspaper Society's offer was £1.10 and £1.40 from next January and a further £1.50 12 months later. It was conditional upon a "freeze" on house agreements.  
No offer was made on the NUJ claim for an extra two weeks' holiday; making six a year, and the inclusion of mealtime in the agreed weekly hours.  
The two sides have agreed to meet again early next month.

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## Securicor group plans lorry park-hotel

BY KENNETH GOODING

BRITAIN'S first long-distance lorry park with hotel is to be built at Felkstone, by the Associated Hotels-Kensington Palace Hotels group, which includes Securicor.  
Mr. Keith Erskine, chairman, said yesterday if this pilot scheme is successful, it would be extended to cover the rest of the country.  
He pointed out that the scheme would involve a hotel, a lorry park, a restaurant and a lorry park-hotel, described as "a lorry park with a restaurant and a lorry park-hotel."  
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## Supervisors in sit-down

A sit-down strike over redundancy plans was staged yesterday by 52 supervisory workers at the Redman B and K factory at Tipton, Staffs.

## STRIKES THREAT TO EVER READY

Supervisory and staff workers at the Ever Ready factory at Park Lane, Wolverhampton, are planning a series of lightning strikes and go-slows, and a work to rule. The dispute is over a pay claim, and the negotiating procedure has been exhausted.

## New ship for Tyne-Denmark ferry service

DFDS, the Danish shipping line, will have a different ship running between the Tyne and Denmark.

## INTERIM STATEMENT

Group Lotus Car Companies Limited announced unaudited financial results for the 25 weeks ended 27th June 1971.

	First half 1971	First half 1970	Full Year 1970
Group Turnover	2,275	2,633	4,932
Exports	1,090	1,124	2,090
Group Profit before tax	324	121	321
Group Profit after tax	194	69	192
Interim Dividend	15%	Nil	20%

The recovery in profit margins continued during the half year arising from the elimination of unprofitable methods of trading. Since June, sales in the domestic market have increased and demand from the United States has improved but sales there are subject to delivery delays arising from American dock strikes.

In view of the improvement in current trading and the Board's assessment of future prospects, an interim dividend of 15% has been declared payable on 10th December to shareholders on the register on 12th November 1971.

## Solicitors' warning in haulage row

By Our Own Correspondent

PETERBOROUGH, Oct. 19.

A HAULAGE company has threatened to take the Transport and General Workers' Union to court if its lorries are blacked over an unofficial strike. The warning came today in a letter to Mr. Alfred Avison, the union's district secretary at Peterborough.  
The strike started three weeks ago, when lorry drivers employed by J. W. and E. Smith, Peterborough, walked out over the dismissal of their union organiser. The negotiations, which have reached deadlock, now embrace pay and conditions, including a claim for an extra £3 a week which, the company says, will force it to close.  
Drivers employed by Mid-Anglia Transport, which operates from the same depot, are on strike in sympathy and the union has threatened to black lorries from both companies if they are operated by non-union labour.

## "No right"

Solicitors acting for Mid-Anglia Transport wrote to Mr. Avison saying: "At no time have Mid-Anglia Transport been concerned in the present dispute and we have no right to point out that you have no right whatsoever to take any action which might in any way adversely affect the business of Mid-Anglia Transport. It is not for us to have any say in the matter."

## INTERIM STATEMENTS

### GLOBE INVESTMENT TRUST LIMITED

Interim Statement (unaudited) showing Earnings for the six months ended 30th September, 1971, and Net Assets at that date.

	1971	1970
Earnings before taxation	1,905,000	1,642,000
Taxation (see Note)	168,000	172,000
Earnings after taxation	1,737,000	1,470,000
Earnings per stock unit of 25p	2.60p	2.34p

The Directors have declared an interim dividend of 7.5%, which will absorb £1,179,000 gross (1970-71—£1,101,000), payable on 30th December, 1971, to Stockholders on the Register on 2nd December, 1971.

The Net Assets as at 30th September, 1971, compared with those at 31st March, 1971, are as follows:

	30th Sept. 1971	31st March 1971
Investments:		
Quoted at middle market prices (including 100% of dollar premium)	83,085,000	70,825,000
Unquoted at valuation	(2,373,000)	(2,040,000)
Temporary Loans	27,195,000	22,881,000
	1,840,000	900,000
Net Current Assets/(Liabilities)	112,120,000	94,806,000
Less Debenture Stocks	959,000	(523,000)
Net Assets (including 100% of dollar premium)	113,079,000	94,806,000
Potential liability for tax on capital gains, per unit	1741p	1431p
	221p	141p

Note: Taxation includes tax suffered on franked investment income to the extent that it has not been set off by income tax retained on estimated dividends payable at the rate of 15.5 per cent. in each year.

## INTERIM STATEMENTS

### RAWLINGS BROS. LIMITED

Interim Statement for the half year ended 31st July, 1971. (Unaudited)

	1971	1970
Trading Profit	136	136
Deduct: Interest Paid less Received	24	24
Profit before Taxation	112	112
Corporation Tax (estimated) at 40%	45	45
Profit after Taxation	67	67

These figures reflect the profits of the Group as now constituted, including the companies recently acquired from Rawlinsons Limited. No adjustment has been made in respect of pre-acquisition profits, which account for £50,000 of the Profit after Taxation.

In the Circular Letter to Shareholders dated 6th August, 1971, full particulars of the acquisition of the Rawlinsons companies were set out, together with details of the sale of the major properties of the Company.

Your Directors consider that the profit before taxation of the Group as now constituted for the full year will be at least £215,000 as forecast in the Circular Letter to Shareholders.

Since this is the first Interim Statement issued by the Company and in view of the radical changes in the composition of the Group and the change of Accounting date, your Board consider that the publication of comparative figures is impracticable, and in any case would be misleading.

The Directors have declared an Interim Dividend of 5% less income tax on the Ordinary Share Capital of the Company in respect of the year ended 31st January, 1972, and a half year's Dividend on the 6% Cumulative Preference Shares. The Interim Ordinary Dividend will be paid on Friday, 17th December, 1971, to those members registered on the books of the Company at the close of business on 22nd November, 1971.

## F. J. C. LILLEY LIMITED

INTERIM STATEMENT

The directors report the following unaudited results of the company and its subsidiaries for the six months ended 31st July, 1971:

	6 months to 31.7.71	6 months to 31.7.70	Year to 31.7.71
Turnover	4,320,594	4,347,157	7,727,698
Trading Profit	82,231	333,154	755,339
Deduct Interest	11,059	19,884	20,953
Loan Stock Interest	18,562	nil	5,596
Depreciation	141,876	117,580	256,382
Profit (loss) Before Taxation	(89,266)	195,890	472,409
Provision for Taxation	nil	88,000	196,222
Minority Interests	nil	—	1,809
Profit (loss) After Taxation	(89,266)	107,890	274,578

The latest figures include the results of A. Waddington & Son Ltd. merged on 8th December 1970.

The foregoing gives no real guide to the results for the full year as the figures have been affected by exceptional difficulties on contracts now virtually completed on which substantial claims are being made. Contract results have also been affected by the unprecedented cost inflation on fixed price contracts and the general tightness of money.

The directors report that the Group's order book is satisfactory and the Board is optimistic on the long term prospects. Thus the Interim dividend is effectively maintained, the directors declaring a distribution of 4% less tax, payable 11th November 1971, on capital as increased by a one-for-two scrip issue in May 1971.

## HIGHLANDS & LOWLANDS PARA RUBBER COMPANY LIMITED

1971 Interim Dividend and Statement

The Board have declared an interim dividend of 1.25p less tax at 36.75% per 10p share payable on 8th December to members on the register on 2nd November 1971.

Transfer books will be closed from 3rd-5th November 1971 inclusive.

	CROPS	REALISED PRICES
	9 months to September 1971	8 months to August 1971
Rubber 11,014,780	10,140,207 kilos	Rubber 14.6p 17.9p per kilo
Palm Oil 25,965	22,004 tons	Palm Oil £102 £102 per ton
Palm		Palm
Kernels 6,129	4,985 tons	Kernels £48 £54 per ton
Copra 1,001	1,047 tons	Copra £81 £81 per ton

PROFIT 1971

The estimated profit for the first eight months is slightly more than the comparable figure a year ago. Rubber and copra prices are now lower, but palm oil and kernels are much the same as last year. The profit for 1971 should approximate that of 1970.

PLANTATION HOUSE, MINING LANE, EC3N 3LS

THOMAS BARLOW & BRO. Secretaries



# Greece

FINANCIAL TIMES SURVEY

## A superficial stability

By J. D. F. JONES, Foreign Editor

So far as one can see, Greece is quiet. The proviso is important because Greece to-day is a military dictatorship, as it has been for four and a-half years, and totalitarian states have to be peculiarly inefficient, or bitterly hated, or both, if they cannot manage to present a quiet appearance to the outside world. The Colonels are certainly not inefficient and it is unlikely that they are greatly hated. Indeed, they like to think they are greatly loved (a temptation shared by many dictators).

This is where there may now be emerging a faint gleam of cheer for the opponents of the régime because it is now just possible that the leader of the Army Junta, Mr. George Papadopoulos, is sufficiently uneasy about the long-term resolution of his country's problems, and at last supreme enough among his military colleagues, to be preparing to move towards a cautious resumption of a constitutional, even democratic rule. No one knows the sort of timetable he has in mind. He may not know himself. But if there is not yet any movement, here in Athens there is growing expectation of movement.

### Real stability

If Papadopoulos does in fact decide to move on from the present situation it will be because, unlike many of the Army officers, he realises that Greece cannot achieve any profound and real stability under the present arrangements. It is possible to argue that Greece has never been stable, as witness the violent disturbances of the two years before the 1967 Army coup, or the literally hun-

dreds of governments which litter the pages of modern Greek history. Alternatively, Western Europeans sometimes prefer to describe Greece as a Balkan state and therefore by definition unstable—a view which some of the Colonels have borrowed to prove that theirs is the only solution.

"The stability of oppression" is how one distinguished politician summarised the present situation for me, and he is right in that this is a Government which still chooses to rely on martial law, arbitrary arrest, imprisonment without trial, military courts, torture of prisoners, control of the Press, the purging or exile of critics and the suppression of protest and of free speech. All these things undeniably help give the régime its impregnable appearance: only a very brave citizen would to-day dare to work against the régime.

And indeed, many Greeks do not wish the end of the régime. Distressing though the fact may be to the exiles and the intellectuals and the democrats, there is considerable evidence of the régime's popularity. The Colonels do not simply scourge liberalism but they also practice a vigorously paternalistic, a modestly benevolent despotism, which so far as the outsider can tell seems to have won them much popular sympathy. The evident affluence of the country would be a good part of the explanation: the \$1,000 per capita income level has almost been reached, wages are rising faster than prices, the emigrants send back their money, tourism booms. The régime has now been in power long enough to be able to claim responsibility for this prosperity, while the memory of the

troubles of the mid-sixties is still vivid enough to keep the Politicians—even those who have had the courage to reject exile and sit it out in Greece—for the most part discredited. Always, too, there is the memory of the devastating civil war of the 'forties.

It may also be true, as some Greek intellectuals believe, that the Greek's concern for their

"Hellenic-Christian" virtues the Revolution has invented and now claims to represent. Then there is the skill with which the Colonels sometimes operate. There is still a comic side to the paternalism—for example, the clacker-balls which swept Europe this summer were promptly banned by the Colonels in the cause of public order, rather as they once successfully

deportations, exile orders, seized passports, and so on.

Meanwhile, the industrial workers who might have been expected to be a focus of opposition have been (so far as one can see) silenced by affluence and efficient supervision, and the youth whom one would expect to spark regular protests tend in Greece to be less politically active than elsewhere in Europe.

None of this is to underrate the sincerity with which the Colonels are rejected by many of the population: the recent funeral of the poet-diplomat Seferis gave a rare chance for its expression. But the fact remains that the efficacy of opposition in the present circumstances must be doubted.

So the Colonels are able to believe that they are popular, as indeed in some cases they are. Part of my own evidence for this was an expedition I made last week with Deputy Prime Minister Pattakos into the market of Athens. The arrangements were all my own, there was no possibility of prior warning of his arrival, and the result was a spontaneous and affectionate welcome for their leader from the working-classes of a sort that I have rarely seen elsewhere. Admittedly, Pattakos is the clown of the régime and has now lost his ministerial powers, and admittedly the same crowds might have hailed any leader who was prepared to come down and talk to them about their problems but it was just one small example of a phenomenon which may, conceivably, be far stronger and more extensive throughout the country than the opposition politicians dare to believe possible.

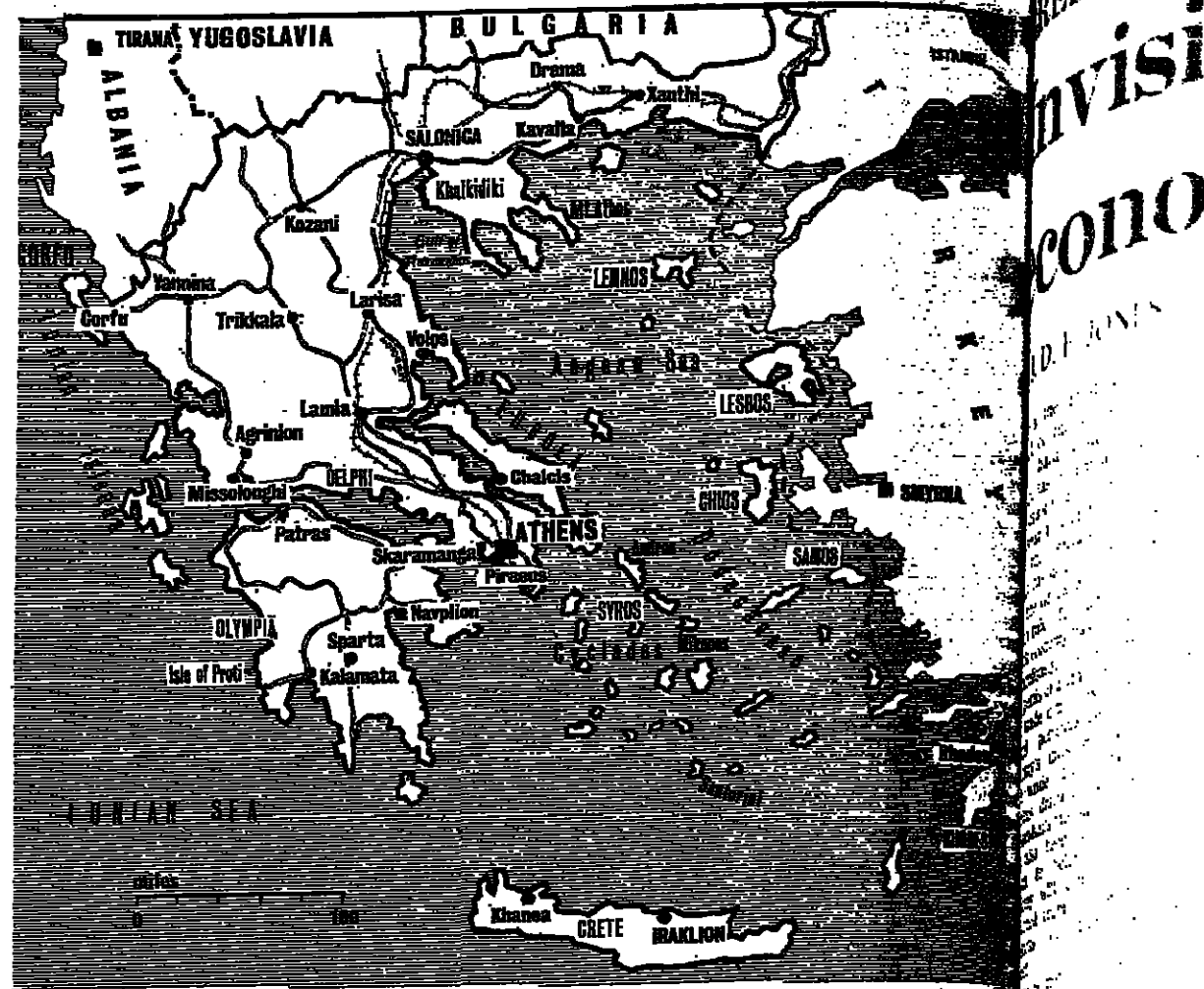
### BASIC STATISTICS

AREA:	51,000 square miles	TRADE (1971):	
POPULATION:	8.92m.	Imports (six months to June):	£390m.
GNP:	£3,577m.	Exports (six months to June):	£110m.
GNP per capita:	£401	Imports from U.K. (eight months to August):	£48.8m.
TRADE (1970):		Exports to U.K. (eight months to August):	£9.8m.
Imports:	£788.4m.	RATES OF EXCHANGE:	
Exports:	£258.7m.	Imports from U.K.:	£1=74.5 Drachmas
Imports from U.K.:	£57.2m.	Exports to U.K.:	£19.6m.

political freedom has been forborne the traditional throwing of plates on the bouzouki floor (the Greeks now throw glasses instead). But foreign newspapers are wisely allowed to circulate as a sop to the minority of intellectuals and the proposed Press law was amended this year following an uproar of protest.

### Political offences

Even on the notorious question of political prisoners, the régime slowly came to understand that they were mostly an unnecessary embarrassment and released 1,600 leaving, if the official figures can be trusted, 241 prisoners convicted of political offences and 60 still held without trial in addition of course to numbers of



At least, the Colonels believe this "New Democracy" view, while widely held, is probably far too simplistic to convince Papadopoulos, the man who it is now clear will personally decide the next step in Greek politics.

### By skill

Despite his prominence from the beginning, Papadopoulos has only recently approached unchallenged supremacy in the Junta. The years since 1967 can indeed be seen as the story of his manoeuvres to emerge from the collegiate system of the revolutionaries to a personal dictatorship. In September, 1970, for example, he seemed near this but was checked and only in the reshuffle last August could he be seen to have succeeded at last. For a man without popular appeal, without oratory, without any power of personal projection, this victory had to be won with political skill and by virtue of his clearly superior intelligence. But will this man—who still travels through Athens with the paraphernalia of the military dictator, and who would certainly not dream of visiting the market unprotected—use his new power to implement the Constitution?

By and large, expert and informed observers believe that

he will. He is alleged to have indicated that he appreciates the attraction of going through with some sort of election which he would lead a party in defence of the 1967 Revolution. Apparently he shares the belief of his colleagues, right or wrong, that he would, why? So why the delay? Why the reluctance even to discuss the vaguest timetables? The simple answer may be that this soldier will not find it easy or congenial to play the politician, and that he is in a sense making himself for the decision of this process, too, he will be aware of the group which, more than the Old Politicians, the younger generation, is the powerful influence of all the direction of events in Army itself.

It remains a mystery whether the officers are in general satisfied with the progress of their Revolution, and if whether they will allow Papadopoulos to re-introduce civilian rule. The likelihood that most serving officers are content with the benefits of the coup has brought them probably are not anxious to go back to barracks. More interesting, though, is the rumour group of lesser officers who said to be toying with Nasir

Continued on next page

## THE NIARCHOS GROUP IN GREECE

*An impressive contribution to industrial development*



HELLENIC SHIPYARDS Co's SKARAMANGA YARD

The Niarchos Group's activities in Greece began in the late fifties with the establishment of Hellenic Shipyards, the determinative participation with Pechiney in setting up Greece's first aluminium industry and the operation of the country's first oil refinery.

### LEADING SHIP-REPAIR CENTRE

Hellenic Shipyards have already become one of the world's leading ship-repair centres. Major expansion projects undertaken by the Niarchos Group under the terms of the contract signed with the Greek State in 1970 will also make Hellenic Shipyards a leader in the shipbuilding field by the end of the present decade.

### NEW GRAVING DOCK AND DIESEL ENGINE PLANT

The expansion plans call for the addition of a new graving/building dock to supplement Skaramanga Yard's existing 250,000-ton dock. The new dock will be in the 300,000-ton range and orders have already been received for six 300,000-ton mammoth tankers. At the same time, the groundwork has been laid with Grandi Motori di Trieste for the establishment at Skaramanga of a shore and marine diesel engine manufacturing plant—the first in Greece—with a capacity of 200,000 bhp per annum.



HELLENIC ASPROPYRGOS REFINERY

The 1970 contract between the Niarchos Group and the Greek State calls for the expansion of the Aspropyrgos Oil Refinery's present capacity of 1,800,000 metric tons per annum to between 4,500,000 and 5,000,000 metric tons per annum. Work on this \$45,000,000 project has already begun and completion has been scheduled for the spring of 1972.

### LUBRICATING OIL PLANT

Another project provided for in the Niarchos contract is a \$25,000,000 refinery for the production of lubricating oils. Its capacity will be 100,000 metric tons per annum and it has been scheduled to go into operation two and a half to three years from now.

### ALUMINIUM SMELTER

Among the optional investments contained in the Niarchos contract is the establishment of a second aluminium smelter in Greece to process the country's vast bauxite deposits. The Niarchos Group has already made proposals in this respect in co-operation with Kaiser Aluminum.

### A TOTAL INVESTMENT OF \$200,000,000

The projects described above and the expansions to Hellenic Shipyards will represent a total investment of \$200,000,000 which, together with the \$60,000,000 already invested in Hellenic Shipyards, is an impressive contribution to Greece's industrial development.

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## GREECE II

## Invisible earnings conceal economic weaknesses

J. D. F. JONES

Even the most complacent going to do significantly better than the Colonels would this year. Earnings from shipping are hard to deny that the owners as well as sailors are also doing well (January-June remittances totalled \$158m. compared with \$124m. in the same period last year). Part of the benefits now flowing from the shipping sector, apparently derive from the Government's campaign to give the ship owners incentives to bring their fleet "home" and set up headquarters in Greece; this process, coinciding with a period of world currency instability, has also helped the capital account.

All this had by end-June brought a net invisible balance of \$373m. (compared with \$272m. in the same period of 1970), and had by end-August reduced the shortfall on current account to \$278m. which does not compare too badly with the 1970 12-month deficit of \$415m. But at this point the summer windfall enters the picture, bringing an unforeseen capital inflow which this last two or three months has reached almost dramatic proportions.

The main element seems to have been the period of monetary crisis which followed the Nixon statement of mid-August. There was, for example, an unloading of about \$40m. of "unofficial" dollar holdings into Greek banks in August, hoarded funds which at first had to be discreetly described in the statistics as "tourist receipts." But apparently the inflow has continued apace since August. For instance, the gold and foreign exchange reserves which at end-1970 had been just over \$300m. had risen to \$386m. by end-August and by mid-September are understood to have reached \$427m. The authorities insist that this inflow cannot be described as hot money, and up to a point they are probably right.

## Dollar holdings

Nevertheless—and with every allowance being made for the reasonable likelihood that there will be no early reversal of this good fortune—it would be rash to allow these statistics to conceal the fundamental problems which the regime must confront. It is hard, for instance, to dismiss the impression that on the trade account the imbalance is too acute to be treated either with nonchalance or the vague assurance that everything will work out in the end. The export sector's failure to reverse the down-trend cannot simply be described by this year's inevitable and total loss of \$40m. of nickel exports, added to the familiar problems of several traditional agricultural exports.

And when one looks at the measures which have so far been taken to slow back imports

(the freezing of credit expansion; importers forced to lodge deposits with the Bank of Greece; the delaying of licences, etc.), and observes that the rate of growth of imports has only been slowed, not halted or reversed, then one begins to wonder whether the Government's hesitation to take effective measures offers a clue to the nature of the regime.

For example, the devaluation of the drachma has been a subject of at least theoretical discussion for years; earlier this year the devaluation argument briefly gained ground in international trade and financial circles, but the drachma is pegged to the dollar and the currency adjustment of recent months has probably given the Greeks enough extra leeway to dismiss the prospect of devaluation once again. Yet the vigour with which Ministers and officials in Athens refuse even to talk about devaluation as one solution to their problems, when added to the excessive optimism with which they tend to describe the economy, and then the adamance with which they insist that the regime is

not considering further measures such as some sort of direct controls on imports, all encourages the impression that the Colonels are desperately anxious not to make any noticeable policy change in the economic field which would allow the electorate to ask whether something was indeed wrong. A democratic Government can, usually, chop and change its economic policies without too great a risk of political embarrassment. Paradoxically it may be that the authoritarian regime in Athens hesitates to admit to problems still unsolved because it imagines that the population shares its own belief in its infallibility, and that admission of failure in one field would expose everything else to the same indictment.

## Heavy borrowing

This point may be connected with the regime's care to present an approval for a foreign investment project as the deed itself. As a later article shows, the regime continues to have difficulty in attracting substantial investment despite the inducements offered: \$1,500m. of projects may have been approved since 1967 but only \$170m. has arrived compared with the \$330m. of the similar period before the revolution. The long-term implications for Greek industry cannot be said to be anything but alarming particularly as the progress of the EEC Association agreement will bring down protective barriers of the domestic market in 1984.

The only danger which the

authorities to-day will usually admit to is the strength of the inflationary pressures which have been building up—and they can do so comforted by the knowledge that, for the moment, these pressures are not, for whatever reason, having any serious impact. The Opposition indictment of the Colonels' economic policies is, of course, a bitter one, but their gloomy warnings of disaster lurking behind the surface affluence resemble the forebodings of Opposition politicians elsewhere, and the more realistic of them will admit, as they sit isolated and gagged in their homes or in exile, that the Colonels show no sign of being brought down by economic collapse. Their strongest disagreement is with the regime's reliance on heavy borrowing abroad, often short-term and at rates which are believed to be alarmingly high. Certainly, there has been a strong rise in the debt obligation, in particular a sharp increase in sup-

pliers' credits, and in the next couple of years a large volume of the loans which date from shortly after the Revolution will mature. But the Opposition fears of a crippling financing burden seem slightly alarmist when it is seen that at the end of 1970 the debt service ratio was only 14 per cent of export plus net invisible earnings. (Admittedly, this percentage is going to rise from now on, and the need for longer-term financing seems obvious.)

But the inflationary pressures cannot be gainsaid: total bank deposits rose 14.7 per cent in the first eight months; bank credits to the private sector rose 12 per cent; imports have been introducing the European inflation; and a 9 per cent average industrial wage rise must also create a demand pressure. Nevertheless, prices were only moving up at a little over 3 per cent in the first eight months. The growth rate has slackened back a little to an estimated 7.1 per cent for 1971 (a slackening which worries a number of expert observers) but Per Capita Income will very very shortly cross the magic One Thousand Dollar line—from the \$378 of 1960.

The August reshuffle which among other things allowed Mr. Papadopoulos to introduce into his Government a few more of the small number of technocrats who are willing to associate with the regime, and also to put Professor Pezopoulos in direct control of the economy in place of the Second Deputy Prime Minister Makarezos, may or may not indicate that the Prime Minister is worried about the economic future. For the long-term he would certainly be right to think long and hard about the burden he might one day wish to have inherited by a more democratic government. For the short-term, so long as the luck of the invisibles holds, Mr. Papadopoulos can probably afford to concentrate on his political dilemmas.

## stability—(Cont'd)

Continued from previous page

"Cheddaist" ideas and who are increasingly tempted to sort of nationalist and mist, even radical, policies have been developed by officers not only in the East but also by the "anismo" movement of America.

A group (if in fact it is a group) benefiting from a resentment of foreign in particular American have the elections run by the reference, prepared to mine some of the fundaments of Greek policy, would far cry from the anti-communist conservatism of the coup and would have little, or risking a return of the Politicians, or for that waits Mr. Constantine Karamanlis, who still his leader of the right-wing in self-exile and may or

may not find it possible to return as a figurehead monarch when elections are held.

All eyes therefore are on Papadopoulos. Some of the Politicians have resigned themselves to agreeing to co-operate with him in some form of interim Government which they say would be a necessary step on the path to an election; others are setting stricter conditions for their co-operation, or are on resentment of foreign in particular American have the elections run by the reference, prepared to mine some of the fundaments of Greek policy, would far cry from the anti-communist conservatism of the coup and would have little, or risking a return of the Politicians, or for that waits Mr. Constantine Karamanlis, who still his leader of the right-wing in self-exile and may or

Abroad, most important of all, of the King, who still his leader of the right-wing in self-exile and may or

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For the Greeks there seems little alternative to trusting the good faith of Papadopoulos, depressing though many of them may find it. Some say he intends to move, others say not. Yet while Papadopoulos takes his time making up his mind the only other possible pressure would come from abroad, and in particular from the Western Alliance whose values the Greek regime (like the South Africans or the Iberians) claims to adorn yet whose anti-democratic actions are a source of embarrassment to the West. Similarly, too, the Americans while periodically urging democratic change hesitate to risk such a showdown with the regime that the narrower interests of Western security in the Mediterranean would be jeopardised. The Greeks know this, of course, and conclude that there is little to fear, however, irritating it may be when the U.S. Ambassador pays ostentatious calls on the Politicians or when Spiro Agnew urges them to change their spots rather faster or when Congress bans heavy arms shipments.

Nevertheless, so long as there is a prospect of implementing the Constitution then there can be some hope of a more stable Greece emerging. The Opposition argue correctly that no one in Greece can believe in the permanence of the present regime. Papadopoulos might well have taken this point. He might have understood, too, that a regime which admits of no possibility of change must in the long-term be essentially unstable. Considerations such as these lie at the heart of the Greek problem to-day and are the necessary gloss to the country's misleading appearance of peace, affluence and stability.

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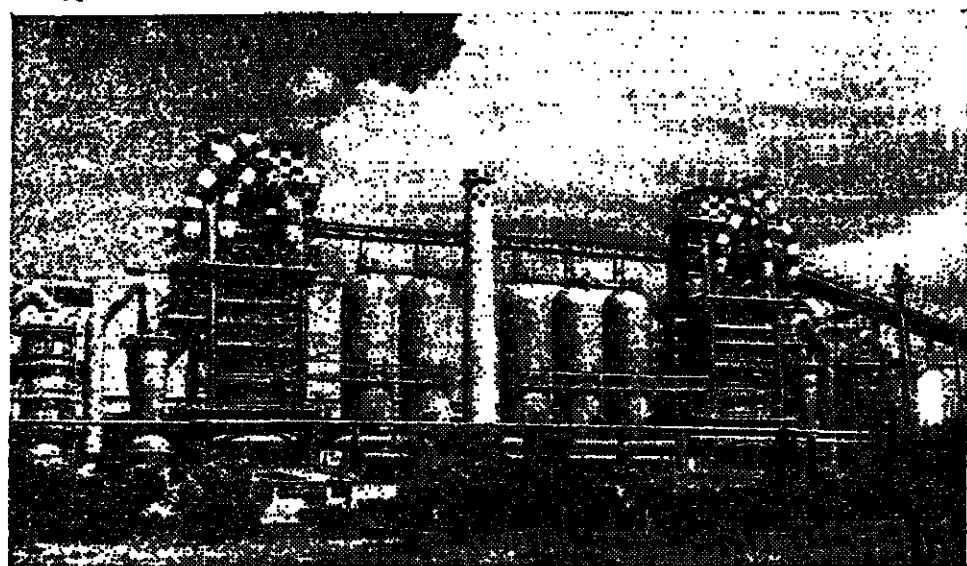
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## HALYVOURGIKI INC.

BLAST FURNACES - STEEL WORKS - ROLLING MILLS - WIRE DRAWING MILLS

The installations of HALYVOURGIKI INC. are situated at Eleusis, near Athens, and cover an extended coastal area of more than 500,000 sq.m. The buildings, at present, cover an area of 110,000 sq.m. while the stock yards occupy about 250,000 sq.m.



The installations, in order of production sequence, consist of:

- Company-owned port facilities able to accommodate vessels up to 50,000 dwt. and capable of discharging between 10,000 and 15,000 tons per 24 hours.
- A recently completed Coke Plant with two batteries using coking coal as raw material. The annual capacity of both batteries is in the region of 500,000 tons of metallurgical coke and 20,000 tons of tar. The considerable quantity of gas produced is used for firing and reheating the blast furnaces.
- Two Blast Furnaces with an effective capacity of between 800,000 and 1,000,000 tons of pig iron per annum.
- A Steel-Making Plant with four converters for turning pig and scrap iron into steel by the modern LD method in which oxygen is blown from the top of the vessels into the hot metal. Furthermore, submerged-arc electric furnaces have been installed for remelting scrap iron. The effective capacity of this plant is about 1,000,000 tons of steel per annum.
- An Oxygen Plant consisting of two separate units with a total output of 60,000,000 cu.m. per annum; this is designed to meet requirements for the production of about 1,000,000 tons of steel.
- Flat Products Hot and Cold Rolling Mills for the production of steel coils, plates, sheets and strips for manufacturing tubes and other items. The capacity of these mills is in the region of 1,000,000 tons per annum.
- Steel Bar Rolling Mills, which use raw steel from the steel plant and process it into steel bars in bundles and rolls. These mills can produce about 500,000 tons of rolled steel per annum.
- Wire-Drawing Mills for processing wire rods, produced by the rolling mills, into concrete-reinforcing welded mesh and various other items such as black and galvanized wires, wire netting and a variety of nails.

By the end of 1970, HALYVOURGIKI INC.'s fixed investments were valued at approximately Drs. 3,300,000,000 or about \$107,000,000.

The company employs a total of more than 2,000 professional men and technicians and provides work for a large number of persons employed by local feeder enterprises operating mines, quarries, machine shops, foundries, lime kilns and stevedoring, transport and building companies.

It is estimated that HALYVOURGIKI INC.'s production at the present time represents a saving of approximately \$35,000,000 per annum to the national economy in foreign exchange expenditures and it is expected that this saving will double when the company's installations are working at full capacity.

By integrating its installations and bringing them into full operation, HALYVOURGIKI INC. aims to produce 1,000,000 tons of steel per annum. This quantity is expected to cover local requirements and leave a surplus for increased exports.

## GREECE III

# Wooing foreign investors

By Our Athens Correspondent

The Greek military régime continues to solicit foreign investment which it considers indispensable for the industrial development of the country. Greece's Basic Investment Law provides a host of tax and financial inducements.

From November, 1953, when Greece's liberal investment law went into effect, until the Army coup in April, 1967, total foreign investment approvals amounted to \$723.2m., or an average of \$56m. a year. These investments included the \$200m. industrial complex by Greek-American businessman Tom Pappas in co-operation with Standard Oil of New Jersey, and the \$130m. (to-day \$203m.) aluminium plant by the French Pechiney.

Productive investment projects approved after the Army takeover totalled \$1,445.3m. at the end of 1970—\$58m. in 1967, \$228.6m. in 1968, \$239.6m. in 1969, and \$921m. in 1970 (including the two investment package deals with shipping concerns Aristotle Onassis and Stavros Niarchos for investments worth \$800m.). Foreign investment approvals in January-September this year totalled about \$90m.

### \$170m. investment

But in the same period 1967-1970 only about \$170m. have actually been imported into the country in foreign investment, compared with \$328.9m. in the 1964-66 three-year period. The country's Five-Year Plan for 1968-72 foresees an average annual \$250m. in foreign investment.

By August this year, 492 foreign companies had set up regional offices in Greece under a law passed in 1967 which

grants tax exemptions and other privileges to firms establishing sales offices and regional headquarters inside the country in order to control and direct business activities outside Greece. Of these, 110 were commercial firms and 382 were shipping enterprises.

On the other hand, Greek industry must gradually develop into larger units if it is to hold its own with EEC industries once the tariff barriers have been lowered completely for Greece to become a full member of the Community in 1984. Because of this and in view of the Government's policy aimed at reducing its growing deficit through import substitution and export development, foreign investors can expect stricter criteria for the approval of applications to establish new industries.

From existing indications, the Government will in future be inclined to favour the establishment of integrated manufacturing industries rather than assembly units. Industries which will manufacture products now being imported in large quantities and those undertaking high export commitments will be given priority. More use of Greek materials will also be required.

At the same time investments in co-operation with the Greek State, in sectors where private enterprise hesitates to trade or where certain privileges cannot be granted to private initiative, will not be discouraged.

This past year has been overshadowed by the affair of the two large investment package deals signed by the Government with Onassis and Niarchos. In the end only the latter is being implemented. Under the \$200m.

deal, Niarchos' Hellenic Shipyards at Eleusis near Athens are being expanded, and the processing capacity of the State refinery near Athens in which Niarchos acquired a two-thirds stake is being almost tripled. Niarchos is also building a lubricating oils plant and has signed a preliminary agreement with the Italian Grandi Motori Trieste (which belongs to Fiat and the State-controlled IRI) for the establishment of a plant to manufacture engines with a total of 200,000 horsepower a year and an iron foundry with an initial annual production of 5,000 tons, later to be raised to 7,000 tons.

### Arbitration court

The Onassis contract is now before Swiss arbitration courts and appears to have little chance of being resuscitated. The \$800m. package deal included an oil refinery, an aluminium smelter, power stations, petrochemical facilities and a series of smaller related projects.

Two Greek shipowners, Mr. John Latsis and Mr. Nicos Vardinoyannis, have since then received approval to establish export-oriented oil refineries, and Alcoa is negotiating the establishment of an aluminium plant. The Alcoa proposal concerns a \$300m. plant to produce 300,000 tons of alumina and 150,000 tons of aluminium a year.

Niarchos, in co-operation with Kaiser Aluminium, has a proposal under Government consideration for the establishment of a plant to produce 60,000 to 70,000 tons of aluminium a year. The Niarchos plant would not use bauxite to produce alumina, but would begin from the second phase of the operation by using imported alumina or surpluses

from the Pechiney plant to produce aluminium.

The Government has said verified bauxite deposits in Greece are sufficient to support three aluminium plants. Meanwhile the French Pechiney, whose aluminium plant has been in operation since 1968, has just completed an expansion which will increase annual production to 450,000 tons of alumina and 130,000 tons of aluminium from 1972. Aluminium exports from Pechiney plant earned Greece \$43.5m. in 1970.

Another major project approved by the Government in the past year is a \$6.7m. car plant to be established jointly by the French Societe Automobiles Peugeot and Regie Nationale des Usines Renault in Volos, central Greece. In the initial stage, the factory will assemble 15,000 vehicles a year, gradually rising to 75,000. These vehicles will include passenger cars, pickups, station-wagons and vans, but not lorries or buses for which the Government is negotiating a separate contract with other parties.

The Government has undertaken not to grant another licence for a car assembly plant for four years and not to participate in any similar industry for 12 years. The Greek State's participation in this project is 51 per cent.

Pending Government approval is a proposal by Mr. Tom Pappas, in co-operation with the Japanese firms Nippon Kokan Kabushiki Kaisha and C. Itoh and Co., for the expansion of his steel plant, which now produces 300,000 tons a year, to 1.5m. tons by starting a steel production process from imported Japanese slabs instead of from ore or scrap. This would require an investment of \$165m.

But because other steel companies which own technical integrated steel plants are objecting strongly to this project, and because the Government fears possible retaliation from EEC countries if allowed Japanese penetration into Europe, the plan appears to have little chance of being approved.

### Aircraft factory

Among projects planned for the near future is an aircraft maintenance and repair factory 43 miles northwest of Athens. A consortium composed of the American Lockheed Aircraft Corporation, the French Marcel Dassault, and Greek National Carrier Olympic Airways, has made an offer to establish and operate the factory. Other offers in reply to an international tender this month have come from automation industries of the U.S., MTP Dornier of West Germany, and IAS of Israel.

The consortium offers significant political and strategic implications because Dassault, maker of the Mirage jet fighters, has reported promising that the contract for the repair and overhaul of Mirages sold to Libya would be turned over to the Greek factory.

Also, if the Greek factory manufactures parts for the Mirage, the Greek Government, in the market for advanced fighter bombers, probably be inclined to purchase Mirages. The plant would also give Greece a dominant position in aviation in the Eastern Mediterranean and make the present regime dependent on the U.S. for aircraft components and parts.

# EEC adjustment the priority

By Professor COSTAS THANOS

The basic long-term problem for Greece is not so much trying to improve the balance of payments or the achievement of high rates of growth. It is the need to create the prerequisites for launching the economy of the country into the wider area of Western Europe.

Greece cannot easily survive economically outside this wider area. This is not just because the Western European countries constitute the natural areas for trade and investment, but mainly because the Common Market area has created and will be creating the institutional set up that is conducive to a continuous process of development.

It is true that Greece's association with the Common Market has suffered a number of setbacks lately. These concern in particular the European Investment Bank's lending activities in Greece and the progress toward the objectives of the Common Agricultural Policy. Moreover it is said that the whole climate in Brussels with respect to Greece's ties with the EEC has deteriorated.

However one cannot help but wonder whether real progress toward the achievement of these goals could really have been made considering the attitude of certain countries towards Greece, as this attitude has already been established before the present Government took over. Indeed it should be noted that Greece had difficulties on the issues of the FEAGA, the European Investment Bank and certain exportable agricultural products—whose status was defined in special protocols attached to the Athens agreement, as long ago as 1965, 1966 and the first four months of 1967. Of course these problems have been accentuated over the past four years as a result of changes in policy toward Greece of the EEC institutions, differing in this respect from the attitude the Common Market countries have taken individually.

### Room to move

Nevertheless, in spite of the existing difficulties, there is room for movement within the present framework of Greece's association with the Common Market. The areas which Greece can and should exploit in a way that would improve her prospects for joining Western Europe are trade and institutional modernisation.

As far as trade developments are concerned Greece should always look towards Western Europe as being the natural market for Greek products. This part of the agreement of association has not been affected as a result of political developments in the country. However, at times a number of problems have arisen in Greece's trade relations with the Common Market. These problems mainly concern

specific agricultural products and should be considered more as the outcome of poor handling by the various officials involved on both sides rather than anything else.

Proper handling of trade relations with the Common Market could alleviate the existing difficulties and increase the trade flows between Greece and the EEC.

### Main problem

However, the main problem for Greece at this juncture is the need to speed up the institutional modernisation of the economic system of Greece. Starting from the premise that Greece does not have any other alternative but ultimately to join the Common Market, the country should speed up, irrespective of present difficulties, the streamlining of the institutions of the economic system to that of the EEC.

Anything that happens in the area of economic policy should be geared towards the thinking and decisions taken in Brussels. All laws concerning economic policies should be related to what is happening in Brussels. Furthermore, the new institutions created should be based on the developments of the institutional structure of the Common Market area. The overriding concern for the Government of Greece should be to prepare the country for the necessary step into the Common Market, so that when the time comes for its joining the area it is fully prepared. This should be considered the first priority of those in charge of economic policy in Greece to-day.

In this respect, one could easily note that during the first two years of the 1968-72 development plan, a number of measures were initiated. These included the development of the capital market and insurance companies, special institutional investment incentives, the substitution of the price support systems for agricultural products with income allotments policies and the radical simplification of monetary policy.

However, these measures constitute only a small part of the range of measures envisaged by the plan. If Greece is to join Europe, and not suffer from this, the remaining, and biggest, part of the measures included in the plan must be implemented. It is not an exaggeration to say that Greece's future prospects depend entirely on the rate of modernisation of its economic system.

Of course, there are those who maintain that whether Greece joins the Common Market or not depends on political considerations. This view is rather narrow in the face of certain realities. And even if such considerations cease to exist, Greece is not

ready to-day to take the final step into the Common Market. What is needed at this moment—and I realise the importance of the existing political difficulties, is for the Government to make use of the time available to pass all the laws necessary to prepare the country institutionally. To sit down and wait for everything to be finalised and then to take the much-needed steps, as some seem to suggest, will amount to increasing the already big gap of the institutional development of the country's economy compared with the Common Market countries and by so doing prolong the difficulties of Greece's adaptation to the wider area of Europe. After all, politics is not everything.

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# Banking: sweeping changes and uninterrupted growth

Rapid and uninterrupted growth is impressive: at the end of 1968 total private deposits with the banking system amounted to Dr.50,000m, while four and a half years later, in June, 1971, this figure stood at Dr.120,000m. Over the same period, price increases have been the lowest in Europe.

The primary cause of the increase in deposits is the growth of income. The services sector is also indications of an increased preference on the part of asset holders for bank deposits as against other forms of holding wealth, that is, real estate or gold. A minor part of the funds accumulating in deposits may further represent savings in the stock market. It is thus clear that, finally, it seems that current events in the international monetary field have caused an increased inflow of funds which has, in turn, affected to some extent bank deposits.

But, while the exact impact of the last two factors is difficult to ascertain, their combined effect is at best only marginal. There is a unanimous agreement that the deposit increases derive from sound financial sources.

This condition, however, by no means implies that the banks do not occasionally face problems of income and relative credit policies. This summer, for instance, the monetary authorities thought it necessary to impose a ceiling on bank lending. The credit squeeze coupled with the continuing increase in deposits is now resulting in a new accumulation of funds in the bank system. The banks are allowed to invest their excess funds in treasury bills although obligatory holdings of treasury bills already make up a considerable part of the general understanding of the favourable impact that the operations of foreign banks would have on the economy. Besides, Greek banks are currently engaged in a vast modernisation effort, and the presence of the foreign element offers an added stimulus for effort. Finally, the Greek banks themselves are carrying out a programme of increasing their national representation and expanded international activity.

This latter programme constitutes another of the most characteristic changes that are presently under way. Greek banks are represented today in 15 branches and representative offices, most of which have been established in the course of the last few years—in 15 cities of seven countries outside Greece, and intend to continue the expansion of their communities abroad.

The upward trend of the Greek economy has given a new dimension to the banking sector and has entailed new duties for the banks on the domestic scene as well. Industrialisation increases the demand for the traditional types of banking services and makes prompt, simplified and efficient services indispensable. At the same time the steady rise in prosperity creates a demand for new types of banking services by the general public.

### New framework

Until recently, the banking system was not sufficiently equipped, compared to those of the developed countries, to operate effectively in this new framework. The major obstacles were the outdated and complex workings of the administrative

of services offered is increasing, their quality is improving, and the circle of clients to whom services offered is no longer comprised only of businessmen and depositors but is constantly being enlarged. Special mention should be made, in this connection, of the payment of pensions by cheques. A further instance of the same trend is the arrangement under which bill payable by business firms can now be cleared through banks. Probably the most significant example of the expanded services offered to the non-business world is the introduction of the consumer credit system which has been widely used since the beginning of the current year. As another step in the same direction the introduction of the credit card system is now being contemplated.

Nevertheless, the reorganisa-

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The backbone of the banking system is made up of the commercial banks, of which there are presently 14. A few years ago only one foreign bank was operating in the country with a single branch, yet to-day some of the most familiar names in international banking are found in Athens and other large cities. The number of foreign banks—mainly, but not exclusively, American—is currently six and is on the rise, while the number of branches exceeds 15.

The presence of foreign banks has, on the whole, been welcomed here. The local banks have taken a positive attitude towards the matter and some of them have assisted the establishment of the foreign institutions. This attitude stems from

Merchant shipping has become one of the most dynamic sectors of activity in the Greek economy. The main objectives of the Government's shipping policy are to increase tonnage under the Greek flag, raise Greece to the position as the foremost ship-owning nation in the world, and establish closer links between Greek shipping activity and the economy in general.

To achieve these basic aims, the Government is offering a multitude of attractive credit facilities for the construction of new vessels. An organic link between Greek shipping and the economy is being sought through the introduc-

tion of a series of incentives and facilities to bring vessels of Greek ownership under the national flag and encourage the establishment of Greek shipping interests in Greece.

Judging from comparative figures in the past four and a half years, the Government's shipping policy is proving successful. The Greek merchant fleet at the end of September this year had reached a record 2,504 vessels aggregating 15,251,105 gross tons, ranking it seventh among world shipping nations. This compared with 1,771 ships totalling 7,838,302 tons on April 21, 1967, when the Army seized power.

About 360 shipping enterprises have sprung up regionally, offices in Piraeus in the past four years to control operations outside Greece.

Apart from the rapid growth of the country's merchant fleet, there has also been an improvement in its composition. Since a considerable proportion of total tonnage is now made up of large and newly built ships making them of greater national competitiveness. About 26 per cent of the Greek merchant fleet is made up of ships under five years old. Another 21 per cent are over 20 years of age. The remaining 53 per cent. are between 5 and 20 years old.

Greek-owned ships under foreign flags are estimated at 1,200 aggregating 17m. tons. This means that Greeks to-day control some 3,700 ships totalling over 32m. tons.

The accelerated expansion of Greek merchant shipping has had favourable effects on employment and the influx of foreign exchange. The number of seamen working on vessels under Greek flag increased from

38,547 in 1966 to 48,617 at the end of September, 1970. A further 40,000 Greek seamen were aboard ships under foreign flags.

Foreign exchange earnings from shipping during the four years 1967/70 totalled about \$969m., which was 55 per cent more than \$619m. earned in the 1963/66 four year period. Shipping earnings in January/July this year totalled \$137.9m. (against \$148.9m. in the first seven months of 1970) and are expected to reach the \$300m. mark by the end of 1971. Foreign exchange deposits by Greek seamen amounted to \$15m. at the end of September this year, which was three times as much as by October 1969.

According to the Ministry of Merchant Marine, Greek controlled ships laid up on October 4 this year totalled 274 with a total of 1,515,113 gross tons. The current depressed freight market is expected to result in a decrease in shipping receipts from January next year, adversely affecting the country's balance of payments.

Investment incentives and credit facilities, coupled with the fact that Greeks own so great a merchant fleet, make Greece an ideal centre for ship-building. A \$200m. investment package deal signed between shipping magnate Stavros Niarchos and the Greek Government in April last year included a \$60m. expansion of Niarchos's Hellenic Shipyards in Eleusis, near Athens to include a 300,000-ton building berth for mammoth tankers. Niarchos, who built the yards in 1956 at a cost of \$8.6m., has also far invested in other existing facilities which include building and repair of all types of vessels and steel tank constructions such as fuel storage tanks and metal constructions for factories.

Four years ago when the Government introduced a programme of financial backing by granting long-term loans to ship-owners to counteract the decline in repair activity caused by the closure of the Suez Canal, Hellenic Shipyards booked the building of a licence from Austin and Pickersgill of Sunderland of 21 SD-14 type cargo vessels of 15,000 d.w.t. each. Twenty of these liberty replacements have already been delivered to their owners. The yard also booked six 15,000-ton liner-type vessels, seven 35,000-ton bulk carriers, and five 30,000-ton tankers. The shipyards announced last month they have been entrusted with the building of six 300,000-d.w.t. tankers but have not named the parties placing the orders.

In the repairs section, Hellenic Shipyards have up to now repaired 2,800 vessels, representing about 75m. d.w.t. The industrial section has built the metal constructions of Pechiney's aluminium plant on the Gulf of Corinth and the complete metal construction and installation of two State sugar factories. Hellenic Shipyards has a labour force of 6,500.

**Eleusis Shipyards**, about 13 miles northwest of Athens, which began operating shiprepairing facilities in August 1969, has now entered shipbuilding. The yards are a joint venture by the Commercial Bank, the Ionian and Popular Bank and the Investment Bank—all three under the chairmanship of Greek businessman and shipowner Professor Stratis

**Andreadis.**  
In the two year period from August 1969, Eleusis Shipyards repaired 130 vessels and the yard's division for metal con-

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## Eleven banks lend £17m. to Greek contractor

Scapanus S.A., one of Greece's three leading construction companies, was the lowest bidder on two Government tenders for a new highway and a sprinkler irrigation project that will cost a total of £25m.

Nearly 70% of this sum will be advanced to the firm by eleven foreign banks in the form of loans guaranteed by the Greek state. The balance will be financed by the Greek Government.

The foreign banks involved are the Chemical Bank (\$7m.), First National City Bank of Chicago (\$5m.), Credit Lyonnais (\$4.3m.), Bank of America (\$4m.), Amintor Bank (\$4m.), Hambros Bank (\$3.35m.), First National City Bank (\$3m.), Bankers Trust Company (\$3m.), Continental Bank (\$3m.), Bank of Nova Scotia (\$2m.) and the Swiss-Italian Banking Corporation (\$2m.).

The new highway will start from Thessalonika and run down to Antirion on the Gulf of Corinth, passing through the towns of Galaxidi, Naupactos and Itea with a branch road to Delphi. It will be 150 km. long. Scapanus will build 125 km. and Greek army engineers the remaining 25 km.

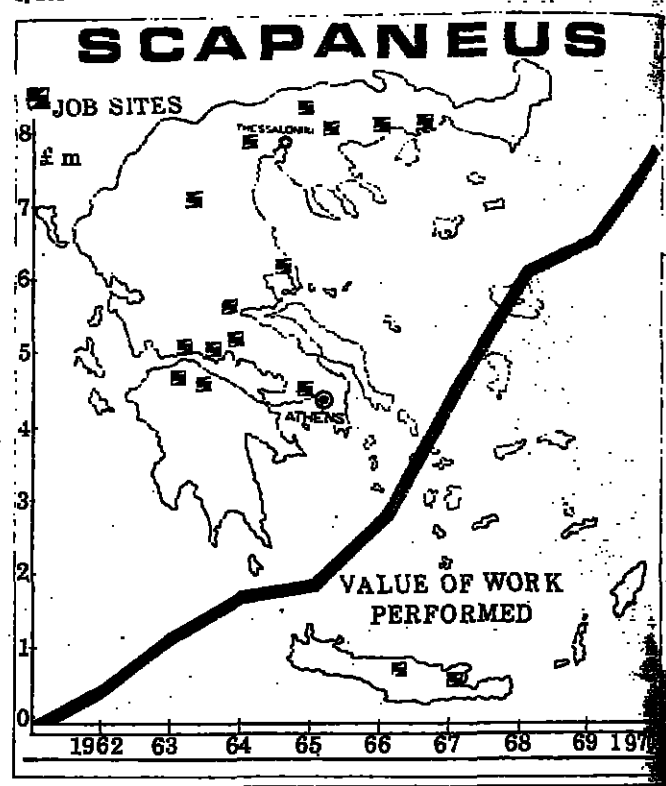
The sprinkler irrigation system will draw water from the Struma river in Macedonia and bring a large part of the Servus valley under cultivation. Both projects are scheduled for completion in 1974.

Since its establishment in 1961, Scapanus S.A. has executed public and private works in Greece amounting to £35m. It is now engaged on projects totalling £37.2m including the two mentioned above.

During the past decade of rapid growth, Scapanus S.A. has worked closely with the largest Greek banks and with the National Bank of Greece in particular. The National Bank's assistance has been extremely valuable, both in terms of the company's development and in helping it to obtain loans from foreign banks.

Scapanus S.A. today owns construction machinery valued at Dr. 750m. and maintains workshops on four acres of company-owned land with a total value of Dr. 40m. Its cost accounting procedure is completely computerized.

The company's management is now prepared to accept civil engineering and construction work contracts in other countries and feel confident that it can carry them out with the same success that has crowned its efforts so far in Greece.



## GREECE V Oil refineries near point of congestion

By Our Athens Correspondent

Although Greece is not an oil-producing country, it is fast becoming an oil-processing one to the point of congestion. Because oil refineries are a lucrative business, especially to shipowners who can use their tankers to transport crude oil, the Greek Government's policy has been to approve the establishment of oil refineries only against parallel investments in other, sometimes less profitable, industries. The level of these parallel investments is usually in proportion to the size of the oil refinery approved and the amount of petroleum products it is allowed to market in Greece each year.

The Greek-American businessman Thomas A. Pappas, for example, in co-operation with Standard Oil of New Jersey, agreed in 1962 to establish a \$190m. industrial complex in Salonica, Northern Greece, in return for the right to build an oil refinery with an annual processing capacity of 2.5m. tons of crude. The other units in the Pappas deal were a steel plant, an ammonia plant, and petrochemical facilities.

In April, 1970, Greek shipping magnate Stavros Niarchos agreed to invest \$200m. in return for a two-thirds stake in the existing State oil refinery at Aspropyrgos, near Athens, and a contract to supply it with 32m. tons of crude. This refinery now has an annual processing capacity of 1.8m. tons of crude.

**Package deal**

Niarchos is investing \$45m., mostly with finance from West German and French banks, to increase its capacity to 4.5m. tons by May, 1972. General contractors for the expansion are Hydrocarbon Research Inc., Mannesmann Export GmbH (Hamburg), and Hydrocarbon Engineering SA (an American-French company which built the refinery in 1957). The Niarchos package deal includes the expansion of his shipyards outside Athens, a marine and shore engines factory, and a \$25m. lubricating oils plant with an annual production of 100,000 tons which will be ready by mid-1974.

An investment package deal signed in March, 1970, between the Government and Greek shipping tycoon Aristotle Onassis gave the latter the concession for a 7.5m. ton oil refinery in exchange for investments totalling \$600m. The other projects in the Onassis deal were an aluminium smelter, power stations, and petrochemical complex. Onassis was also given the right to supply his refinery with 64m. tons of crude. But the oil crisis earlier this year threw the economics of the Onassis contract out of gear. The agreement is now before Swiss courts of arbitration to which Onassis resorted after negotiations for a revision of its terms failed. From all indications, the deal is on the rocks and the arbitration procedure will be a long-drawn-out affair.

The Pappas refinery has the right to sell 2m. tons of petroleum products to the Greek market. The Niarchos refinery is to supply 4.5m. tons until the Onassis refinery went into operation, when it would have had to limit itself to 3.2m. tons until such time as the Onassis refinery was able to supply the domestic market with 7m. tons of petroleum products a year.

**Domestic demand**

Domestic requirements in petroleum products in 1972 will be 6m. tons. To meet demand until 1974, the Government has allowed the Pappas refinery to increase its capacity by a further 700,000 tons (until the Niarchos refinery is expanded), and Niarchos can go to 5m. tons.

The Government has also approved the establishment of two export-oriented oil refineries. The first of these is being built by shipowner John Latsis at Megara, 42 kms. west of Athens, at a cost of \$10m. Builders are the British firm of contractors John Brown (Projects) Ltd. and the American Howe Baker. It will have an initial processing capacity of 1m. tons of crude and will be ready by the end of this year. The second is being built by shipowner Nicos Vardinoyannis near Corinth at a cost of \$30m. Originally approved as a lubricating oils refinery with an annual output of 75,000 tons, it is now being expanded also into an oil refinery with an annual processing capacity of 1.5m. tons of crude which will yield 1,065,000 tons of petroleum products. It will be ready in July 1972.

Although no Government approval in writing has been published, both Latsis and Vardinoyannis have issued tenders for the expansion of the refineries: Latsis to 3.5m. tons at an estimated further cost of \$7m., and Vardinoyannis to 59m. tons by March 1973 with a further investment of \$25m. Firms reportedly interested in the Latsis expansion include Constructors John Brown (London), Thyssen Stahlunion Export GmbH (West Germany) in co-operation with Fluor (England), and Luums (U.S.), Foster Wheeler (London) and SNAM Progetti (Italy). Those interested in Vardinoyannis' extension are Thyssen (which is constructing the lubricants plant), Construc-

tors John Brown (London), Foster Wheeler (Italy) and Catalytic (Britain). With plans for Onassis's 7.5m. tons refinery embroiled in litigation, both Latsis and Vardinoyannis obviously have their eye on possible domestic outlets for their operation. Both their contracts provide that the entire output of their refineries will be exported, except for quantities purchased by the Greek State to cover domestic requirements, as long as this does not clash with contractual obligations assumed by the State.

The Niarchos group has already voiced its doubts about the wisdom of licensing other oil refineries alleged to have an export orientation. Compared with Italy and Spain, which are situated nearer consumer markets, Greece offers only limited possibilities for exports of refined petroleum products. This point may be used by Onassis before the arbitration courts since in essence it goes contrary to his interests. In its initial stage when the domestic market could not absorb all its production, the Onassis refinery would have had to export some 5m. tons of petroleum products.

Should the Government decide to grant Latsis and Vardinoyannis a slice of the Greek petroleum market without obliging them to make parallel investment, Niarchos will have grounds on which he might resort to arbitration since the spirit of his contract will have been breached.

Niarchos and Vardinoyannis appear to be on a collision course also over their lubricants plants. The local market for lubricants is 75,000 tons, rising by a yearly average of 9 per cent. A Greek company, Elvyn SA, already produces and markets 15,000 tons. Vardinoyannis has an export commitment of 40,000 tons after the Niarchos plant goes into operation and will be able to channel the remaining 35,000 tons to the local market. The Niarchos plant has no export commitment. Unlike petroleum products, prices for lubricants are not fixed. In an all-out war where prices can be broken, Niarchos would obviously have the upper hand since he can market all of his 100,000 ton production. Vardinoyannis has

## Aspirations in high fashion

By a Correspondent

Greek fashion designers are feverishly preparing for the second international fashion show to be held in Athens early next year. Buyers from major U.S. and European markets have been invited to Greece for the show intended to prove that the Greek fashions are world contenders.

Although possessing an endless source of inspiration, Greek fashion has come to the fore only in recent years. With comparatively meagre means at their disposal, a new breed of Athens designers have succeeded in making Greek materials, designs and colours the "in" thing in such fashion Meccas as Paris, New York and Rome. The problem now is to ride the crest of this popularity and prepare to meet demand as it grows.

The major brain behind the Greek fashion emergence is 35-year-old Yannis Tseklenis, a former artist and advertising agency organiser. Tseklenis, who took over his father's used a reverse process for his success. He first made a name for himself in the United States and then returned to Greece from where he is now launching Greek fashion abroad, focusing on ready-to-wear clothes accessible to average budgets. To-day his clothes are sold in stores such as Harrods and Selfridges in Britain, Bonwit Teller, Bergdorf Goodman, and Marshall Field in the U.S., Mark Foy's in Sydney and Greatmans in South Africa. His garments are also manufactured under licence by Frank Usher in London.

This year Tseklenis dethroned Pierre Cardin as the designer of the uniforms worn by Olympic Airways hostesses, the national air carrier belonging to shipping tycoon Aristotle Onassis.

At first Athenian women eyed his swirling colours and big bold designs with suspicion, and continued to cling to the traditional haute couture of Paris, London and New York. But Tseklenis persevered and gradually Greek fabrics, rid of their folkloric elements, became a new ethnic look which has now crossed Greece's frontiers.

Then in July, 1970, the first Greek Fashion week was organised in Athens by the Hellenic Fashion Institute with the financial backing of the State-controlled Hellenic Industrial

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## THE ATHENS CHAMBER OF COMMERCE & INDUSTRY

The Chamber's presence on the International scene

The Athens Chamber of Commerce and Industry plays an active role in the implementation of the foreign commercial policy of Greece. The Chamber's international activities are designed to develop new relations with other countries and promote the existing ones in the field of commerce and industry. At the same time, the Chamber contributes to the promotion of Greek exportable products by participating in various international trade fairs.

At the outset of any discussion on the external activities of the Athens Chamber of Commerce and Industry one needs to bear in mind that it seeks to establish a suitable framework, within which the concept of commercial relations will be translated from an abstraction into a workable reality.

To achieve this, the Chamber sends trade missions abroad and receives foreign ones in Athens. It is stressing the obvious to say that these contacts and exploratory talks are helpful in defining the scope for increased commercial exchanges between Greece and other countries. Though the trade missions organized by the Chamber are devoid of any political expediency, they may attain broader targets. In this context, it must be remembered that the exchange of trade delegations between the Chambers of Athens and Tirana paved the way for the establishment of normal diplomatic relations between Greece and Albania.

In June 1971, a Greek trade delegation, headed by the President of the Athens Chamber of Commerce and Industry, Mr. J. Cameliopoulos, visited London and had fruitful discussions with British officials and representatives of various commercial organizations and private enterprises. The President of the Athens Chamber was the leader of another trade mission, which visited Sweden in an attempt to normalize the commercial relations between the two countries. In the course of the year, similar missions have been dispatched to Cyprus and some East European countries, while trade delegations from Yugoslavia, Romania, West Germany, Australia, United Kingdom, India and Taiwan arrived in Athens during the last months and had constructive discussions with Greek importers and exporters under the sponsorship of the Athens Chamber.

A semi-permanent collaboration has been established between the main Greek and Turkish Chambers of Commerce. The Athens Chamber acts as the central secretariat for the Greek party and plays a leading role in the existing institutional machinery. According to the constitution, an official liaison is maintained between the two Chambers to collaborate closely in the field of commercial relations and to adopt a co-ordinated policy towards questions of common interest which arise from the application of the Association Agreements concluded by the two countries with the E.E.C.

The Athens Chamber of Commerce and Industry participates in the Permanent Conference of the Chambers of the E.E.C. members and associated countries. A representative of the Greek Chambers in Brussels is in close contact with the Secretariat of the Permanent Conference and the Athens Chamber, which sends a delegation to attend Conference sessions.

Another activity of the Athens Chamber concerns the organization and running of Greek pavilions at international trade fairs. The Chamber, assisted by representatives of the Ministry of Commerce, takes part in four or five international trade fairs annually. This participation is designed to show the latest achievements of the Greek economy and to promote Greek products abroad. Two East European and two E.E.C. countries are usually chosen for the Chamber's presence in the trading environment of an international fair. This year, the Chamber's targets were the trade fairs of Leipzig, Poznan, Bologna and Cologne. A "Greek week" has also been organized by the Chamber in Prague.

The international activity of the Athens Chamber is completed by the publication of two magazines in English. These two publications, "Trade with Greece" (with a summary in French and German) and "Data from the Greek Economic Life", are very helpful to all concerned with the potential of the Greek economy.

## Shipping — (Cont'd)

Continued from previous page

structions delivered sizeable quantities of McGregor-type hatch covers to Dutch interests and special steel structures to the Pechiney plant.

Investment in Eleusis Shipyards so far has been \$15m. and completion of the third phase in 1972 will raise this to \$60m. Future plans include a graving dock capable of handling 250,000 d.w.t. ships and a second shipbuilding berth for ships up to 150,000 d.w.t. or for ships of 250,000 d.w.t. in two halves. The present berth will be lengthened to build 100,000 d.w.t. ships.

The first vessel to be built in Eleusis Shipyards, a 5,900 d.w.t. multi-purpose vessel to be used as a bulk carrier or a container ship, was ordered by Trading and General Investment Corporation and will be delivered by mid-1972. A second ship of this design has been ordered by the International Merchant Corporation.

In addition, Eleusis Shipyards have orders for two bulk carriers of 43,000 d.w.t. each by the Uptique Finance Corporation and Finance and Investment Co. Ltd. Delivery of these vessels is scheduled for June and December, 1973, respectively.

Both Hellenic Shipyards and Eleusis Shipyards, in conjunction with Governmental agencies, have developed the establishment of technical schools. Students attending these schools are simultaneously given paid practical training at the shipyards.

Under a contract signed in December, 1970, J. and A. Goulandris Bros. agreed to invest \$11.7m. to modernise and their Merion Shipyards on the Cyclades island of Syros. The expansion, with the technical assistance of the Japanese Hitachi Shipbuilding and Engineering Company, includes a 15,000-ton building berth which will be able to turn out vessels of up to 43,000 d.w.t. in two sections, and a floating dock capable of lifting vessels of up to 70,000 d.w.t. The yard's present labour force of 600 will reach 1,800 when expansion is completed in December, 1972.

The Government has said that various other Greek shipowners have submitted proposals or expressed interest for the establishment of shipyards in Pylos (south Peloponnese), Suda Bay (Crete), Volos (Central Greece) and Salonica. Their proposals are now under consideration and represent an investment outlay of about \$350m.

In the first six months of this year, 13 licences were issued by the Government for the creation of 11 new shipyards and the extension of two others. Most of these shipyards are for small vessels and the capital investment involved amounts to a total of 124m. drachmas (about \$4.1m.).

Meanwhile, a committee has been appointed by the Ministry of Merchant Marine, Transport and Communications to prepare a report on the question of transferring about 30 small shipyards and ship repair units at present grouped at Piræa very close to the western end of the port of Piræa, across the straits to Kynosoura Point on the island of Salamis. The report will be ready at the end of November this year. The Piræa area will become part of the Piræus port expansion plan.

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## GREECE VI

## Tourism breaks all records

By Our Athens Correspondent

At a recent Press conference, Mr. Michael Balopoulos, General Secretary of the National Tourist Organisation, stated with characteristic conviction that by the end of this decade the efforts presently being directed towards tourist development will have ensured Greek tourism can cope with 8m. visitors a year—an influx which should yield to the Greek economy a tourist income of \$1,000m. a year.

The figures may be slightly exaggerated, but the unprecedented rise in tourism this year is an indication that they are not simply wishful thinking. According to available official figures, a record number of 1.6m. tourists came to Greece between January and August this year and it is estimated that the 2m. mark will be exceeded before the year is out.

This compared with 1,182,949 tourists in the first eight months of 1970 and 853,387 in January, August, 1969, representing 35 and 69 per cent. increases respectively.

Leading the list of visitors this year were Americans with 304,754, followed by Britons with 173,008, West Germans with 153,270 and Frenchmen with 117,654.

Foreign exchange revenue from tourism this year is expected to reach \$200m., compared with \$192.7m. in 1970 and \$149.5m. in 1969. Realising the importance of tourism in bridging the balance of payments deficit in coming years, the Government is applying a policy which has the dual purpose of increasing the number of visitors and also providing incentives towards the creation of facilities to cater to them.

## New beds

The background to this policy is that at the end of June this year there were 2,466 tourist "units" in Greece with a total of 128,551 beds—an increase of 9,053 beds over December 31, 1970. A breakdown of this total shows 2,188 hotels (17 of them luxury class, 101 first class, 298 second class, 663 third class, 941 fourth class and 467 fifth class), 369 bungalow complexes, 27 motels, 18 furnished flats, 58 hotels, 19 boarding houses and 122 inns.

In the period 1968-70, 35,000 new hotel beds were added to the existing stock. A further 30,000 will be added by the end of 1972 and plans have been approved for another 57,000 beds to cover anticipated increased demand in 1973-74.

But even with this planning,

two problems arise. The first is that the facilities available still cannot meet tourist accommodation demands during peak periods. The second is the lack of qualified staff to man them. To face the first problem, the National Tourist Organisation is turning its attention to the development of winter tourism. Conscious it cannot as yet compete with countries such as Switzerland or Austria for winter sports, the National Tourist Organisation is directing its efforts at a more intensive projection of Greece as a country that can cater to those who suffer from austere northern climates at the same time focusing on Greece's 3,000-year-old cultural heritage.

## Winter centres

The two principal areas which are being developed into winter tourist centres as of this year are the islands of Rhodes and Crete, which offer a milder climate. In this context, 25 hotels on Rhodes will remain open this winter to accommodate visitors during the off-season. Prices per person per day at these hotels from November 1, this year to March 31, 1972 will be reduced by 50 per cent. "A" class hotels \$5 and "B" class hotels \$4 for half-board, and "B" class hotels \$3 with only breakfast. These prices include taxes and service.

The existing airport in Rhodes is being expanded and a new one is being constructed 15 kms. from the town of Rhodes at a cost of \$13.3m. Seven travel agencies will continue to operate sightseeing tours on Rhodes with a 40 per cent. discount for the off-season period, and tourist guides, except those working on board cruise ships, will work for 20 per cent. less. As an additional attraction, Greek folklore dances will be performed three times a week at Rhodes and from November 2 to April 4 Greek philharmonic orchestras will give concerts of classical music.

To begin with, 500 travel agents from 51 countries are participating in a congress on Rhodes from October 19 to 24 this year. About 350 members of the Society of American Travel Writers held their 15th annual convention on the island from October 18 to 19. And Rhodes is to be the highlight of a sea cruise organised for the 300 delegates of the International Hotel Association which will hold its 25th annual convention in Greece from November 5 to 18.

Crete, because it offers more in the sector of historical and archaeological sites, is being projected as an ideal centre for international seminars and conferences. Performances of ancient Greek tragedies are planned for the winter of 1972-1973.

Athens itself will offer winter tourists performances of folk-dances, and ancient plays, in addition to reduced-rate sight-seeing tours to the Acropolis and other historical monuments.

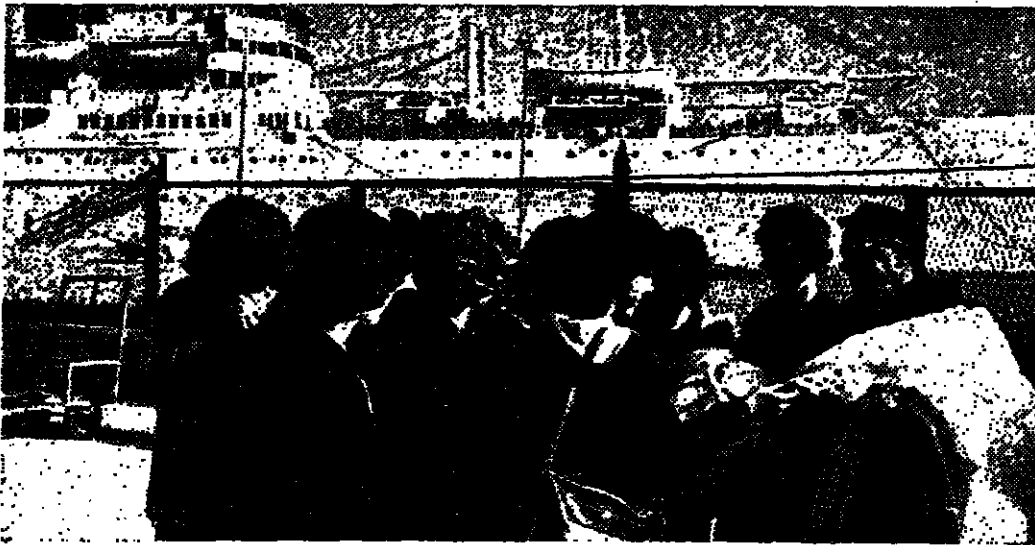
Olympic Airways, the national air carrier which belongs to shipping tycoon Aristotle Onassis, will continue to operate daily flights to the major islands during the winter season.

To meet the industry's second main problem—that of qualified staff—the Government has established special vocational schools. Three have now been set up in Rhodes, Athens and Salonika. In addition, the number of accelerated training schools for tourist vocations which began operating in 1969 are expected to rise to about 30 by the end of this year. Schools for tourist guides are also in operation and some of their students are being sent to Switzerland for advanced training in key posts. University students also have the opportunity of receiving special training so that they can work as tourist guides during the summer recess.

At the same time, the Government is encouraging the creation of large hotel units. Astir, the leading tourist hotel company in Greece controlled by the National Bank of Greece, has announced a 600m. drachmas (\$20m.) investment programme which includes the construction of a 500-bed luxury class hotel at Vouliagmeni and another with 250 beds at Glyfada, both on the coastal road near Athens. Holiday Inns Incorporated, is to build a 1,000-bed luxury class hotel in Athens which will be ready in the spring of 1974.

## Loan budget

The Ministry of National Economy has allocated a budget of 190m. drachmas (\$6.3m.) for the financing by the National Tourist Organisation of hotel enterprises and travel agencies. Loans will be equal to 15 per cent. of turnover of hotels and foreign exchange receipts of travel agencies. The loans will carry 7 per cent. interest and will be repaid during the period July to November of the year following the loan.



Girl students from the cruise ship "Devonia" buying souvenirs at Piraens.

## Fashion —(Cont'd)

Continued from previous page  
Development Bank. It launched Greek history on to the world fashion scene. Colours and motifs from the Minoan, classical and Byzantine ages made a spectacular comeback on silky fabrics. The cut ranged from ancient to ultra-modern. British, American, French, German and Italian buyers moved in. Recent orders for a dash of ancient Greece include those of Harrods of London and Bloomingdales of Fifth Avenue, New York.

Exports of Greek ready-made clothes in 1970 amounted to about \$1m. Tseklenis is convinced the industry can be built up to become a multi-million dollars export earner. He estimates exports of Greek clothes, footwear and jewellery can earn \$10m. within the next five years, and \$100m. in 15 years' time.

With the financial support of the Hellenic Industrial Development Bank, Tseklenis is now building a \$400,000 factory to manufacture his range of ready-to-wear. The plant is scheduled to go into operation during the first half of 1972 with a planned annual production capacity of 85,000 items. Annual turnover is expected to be \$3m., two-thirds of which will be exported.

To ensure top operating efficiency, modern production methods were carefully studied and the technical management staff of the factory is currently undergoing an eight-month training course at a plant in Pennsylvania.

Other fast-rising stars in the Greek fashion firmament are 40-year-old Argyris Calbaris, a former banker, 24-year-old Dozia, with a house of Dior background, Takis Tzivanis, a boutique owner, and Filimon, who is setting up a garment plant.

Working from a neatly arranged complex in an old mansion under the Acropolis, Calbaris and 55 employees turn out 300 dresses a day and cater to clients in New York, Detroit, London, Johannesburg, Sydney, Amsterdam and Brussels. Calbaris will present his summer 1972 collection at the 22nd Salon International du Pret-a-Porter Feminin in Paris later this month. He is confident Paris will be the key to European fashion markets such as Düsseldorf.

The fashion craze for everything Greek has not been limited to the ready-to-wear. But where

ready-to-wear designers are making an all-out effort towards exports, Greek Haut-Couturieres are conversely convincing the international jet set to come to Greece to order their clothes. According to top haut couturier Ioannis Vouros, who once dressed the women in the late King Farouk's entourage, an original model which would cost \$2,000 in Paris or New York can be acquired for only \$600 in Athens. Vouros and fashionable haut couturiere Fotis Vassiliadou are convinced Athens can be turned into a centre for high society where they can combine their holidays with a shopping spree.

Results have been so encouraging that a younger breed of Greek designers are now confident enough to want to move away from the influence of Greek history as a support for their designs. Twenty-year-old Marilli Tsopanelli, who runs her own modern boutique and caters to the younger Greek generation, is set against turning back the clock or waiting for Paris to set the trend each year. She believes that in a few years Greece will be inspiring other fashion centres. And she may not be too optimistic.

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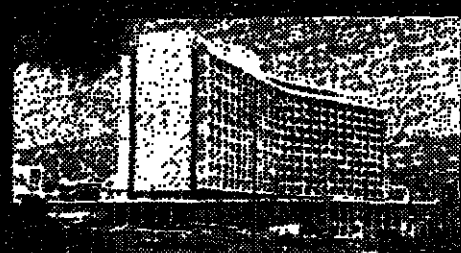


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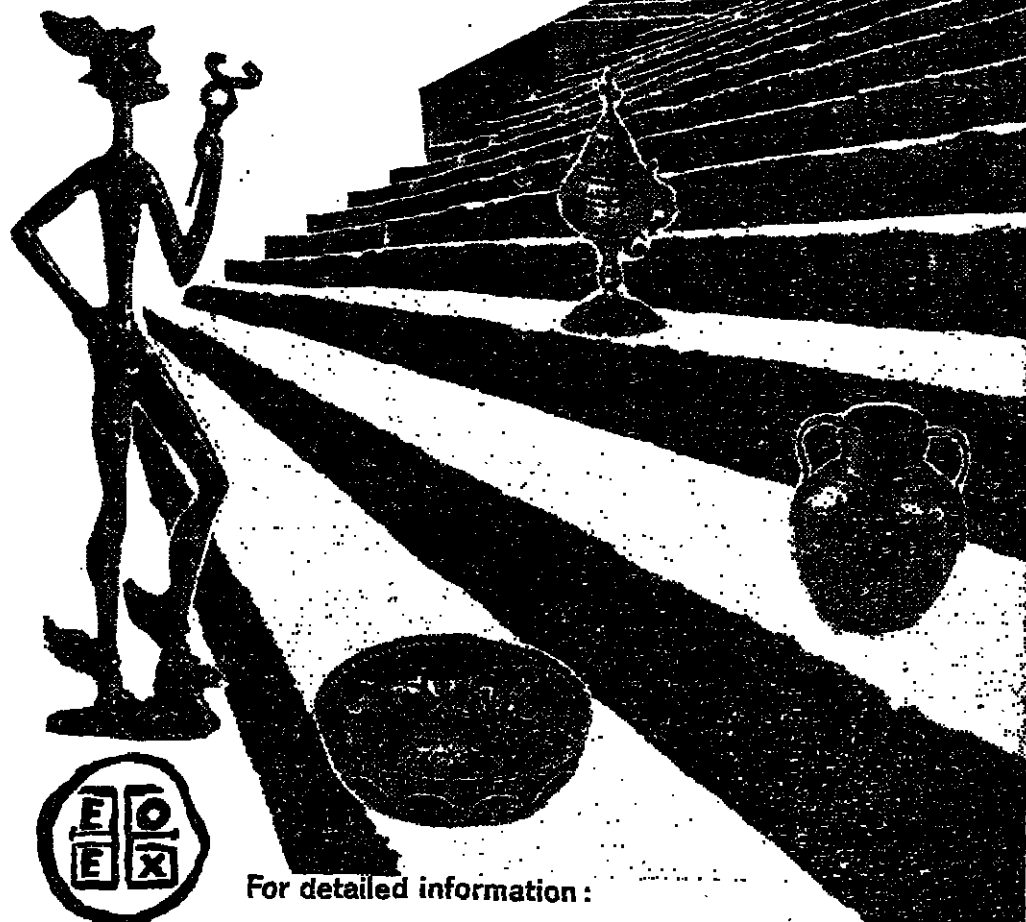
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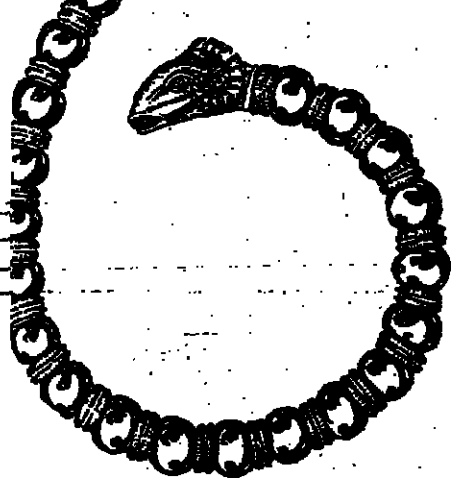
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Turnover  
Index end

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GERMANY				
Oct. 18	Price Dm.	+ or —	Div. %	Yld. %

[illegible]

... ..



## Turnover boosted by increase in speculative business Index ends 0.5 off at 415.2—Markings highest for 3 months

	Oct. 12	Oct. 13	Oct. 14	Oct. 15	Oct. 16	Oct. 17	Δ Y
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**Option**

**Triumph Inv. higher**  
Triumph Investment remained a bright market in Trusts, closing 8p higher at 23 1/2p. Rothschild Investment improved 7p to 46 1/2p and Debenture Securities 5p to 130p, while Globe Investment, at the interim results, ended 3p better at 14 1/2p. In contrast, Anglo-American Investment declined 4 1/2p to 128p and Hambro Investment "A" 3p to 128p. Anglo-Continental rose 3 1/2p further to 64p, still reflecting the new equity financing details. Sterling Quarantine Trust closed 5p firmer at 32 1/2p, after a 1971 "high" of 33 1/2p, in response to the interim statement, while Industrials continued to lead the market. Chairman's encouraging statement.

**TO OVERSEAS FUNDS**

	% Yield
<b>Eurosyndicat Group</b>	
Hermès Lux F.	1,742
Finance Unit	1,812-27
5.4%	

**Fidelity Trend** .....\$25.88 25.00 -0.08 2.33  
**The Capital Fund** .....\$11.00 11.00 0.00 2.26

Yield %		Yield %	
1	2	3	4
5	6	7	8
9	10	11	12
13	14	15	16
17	18	19	20
21	22	23	24
25	26	27	28
29	30	31	32
33	34	35	36
37	38	39	40
41	42	43	44
45	46	47	48
49	50	51	52
53	54	55	56
57	58	59	60
61	62	63	64
65	66	67	68
69	70	71	72
73	74	75	76
77	78	79	80
81	82	83	84
85	86	87	88
89	90	91	92
93	94	95	96
97	98	99	100

[illegible]

(a) Based on 40% corp. tax from March 30, 1971. Latest Index 01-246 5026

	HIGHS AND LOWS				S.E. ACTIVITY		
	1971		Since Completion			Oct. 19	Oct. 19
	High	Low	High	Low			
Govt. Secs.	79.56 (33.07%)	68.85 (4.71%)	127.4 (1.68%)	64.31 (1.68%)	Daily— Gilt-Redeem .....	487.1	307.5
					Industrial .....	238.9	202.7
					Total .....	726.0	510.2
Fixed Inv.	79.57 (43.07%)	68.85 (4.71%)	127.4 (11.67%)	67.12 (1.68%)	Equity— S&P 500 .....	270.6	218.7
					Industrial .....	249.1	202.7
					Total .....	519.7	421.4
Und. Inv.	62.08 (13.07%)	30.53 (3.67%)	881.9 (26.69%)	49.4 (1.68%)	Commodities— Industrial .....	27.0	21.8
					Total .....	27.0	21.8
Gold Mines	78.57 (18.07%)	44.5 (13.07%)	100.0 (13.17%)	44.0 (1.68%)			

Based 100 Govt. Secs. 10/19/78. Fixed Inv. 1952. Und. Inv. 1/7/75. Gold 12/2/65. S.E. Activity Jan.-Dec. 1965. 1 corrected figure.

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**Leading Tobaccos gave ground weekly nickel production figures**

Further small losses were in Golds where new lows for year were reached in Klong

**Mines drift**

Mining share markets with Financials followed a similar pattern. The associated A

Virtual no-conditions tendering was used to award the contracts. Conditions. Among the few stocks to edge higher, Australia's major mining companies gained. Anglo 50p, on further talk of a major U.S. oil company coming in as a partner in the Northern Territory uranium project.

Among other Australians, Poseidon sagged 30p further to 69p, New Broken Hill dropped 10p to 120p, and BHP 10p to 120p. And Whim Creek reacted 22p to 162p. MINM Holdings rose 5p off 100p to 105p.

Foreign shares were mixed. The FTSE 100 index is closed at 2,858.95.

**NDS (n+++)**

[illegible]

1000

[illegible]











ENGINEERING AND METAL—Gen. Cont. | HOTELS AND CATERERS—Continued

هكذا عند الأصل



## TEAS—Continued

For Notes, see Stock Exchange Dealings.

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